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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,783 Tuesday February 6 1979 ***15p

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CONTINENTAL SELLING PRICES: AUSTRIA Sch 16; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.6; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Ptas 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL
UK ready for court battle on fishing

The UK Government is prepared to challenge the EEC Commission in the European Court of Justice rather than abandon its fisheries conservation measures imposed last year. The Commission demanded that Britain lifts its ban on herring fishing into the Mourne area off the east coast of Ireland and around the Isle of Man. It also objected to an extension of the industrial fishing ban in part of the North Sea.

Back Page
 EEC Farm Ministers have approved the broad outline of the Commission's proposals for this year's Farm Price Review, but agreement has still to be reached on green currencies and and MCAs. Page 39

Kruger refusal
 Justice Minister Jimmy Kruger of South Africa refused to prosecute Gen. Hendrik van den Bergh, former head of the South African secret service, for contempt of a judicial commission. Page 3

Bhutto verdict
 Pakistan's Supreme Court will today pronounce on the appeal against the death sentence of deposed Prime Minister Zulfikar Ali Bhutto. Page 3

Race move
 Black children entered white schools in Rhodesia as barriers were removed. The Transitional Government said it would press ahead with its plans for a limited form of majority rule, and one-man, one-vote elections in April. Parliament Page 8

Director seized
 Gunmen thought to be Basque separatists seized the French director of a Michelin factory outside San Sebastian, Spain. They shot him in the knee before releasing him.

Uganda killings
 Ugandan soldiers were reported to have shot dead several people in Kampala, after two sabotage attacks at the weekend.

Terror charges
 Twenty-four men, four of them from Ulster, appeared in court in Paisley, near Glasgow, accused of plotting to commit offences under the Prevention of Terrorism Act.

EEC talks start
 Spain opened talks with the EEC aimed at achieving full membership of the Community in about 14 years. Page 29

Prill ruling
 A London magistrate ruled that suspected Baader-Meinhof terrorist Astrid Prill can be extradited to West Germany. Prill can now appeal to the Court of Appeal and the House of Lords.

Postal slip
 Post Office chairman Sir William Barlow said the standard of postal and telephone services "has slipped a little".

Briefly . . .
 The discovery of a woman's body under a bed in a guest-house in Deal, Kent is being treated as murder.
 A 21-year-old German soldier escaped across the Communist border to West Berlin.
 Bianca Jagger filed for a divorce from Rolling Stones singer Mick Jagger in Los Angeles.
 Winner of the £100,000 prize in the Premium Bond draw is the Stockport owner of Bond number 16RB 339653. Bond number for the £25,000 prize is 19RZ 232226. The owner lives in Renfrew.

BUSINESS
Equities ease; Gilts fall 0.23

● **EQUITIES** eased under the influence of international and domestic events and the FT index, down 8.1 at 1 p.m., closed 6.6 down at 460.7, its lowest since 1974.

● **GILTS** saw fresh selling and the Government Securities index closed 0.23 down at 65.57.

● **STERLING** rose 95 points to \$1.9955, but the trade-weighted average fell to 62.3 (63.4). The dollar's depreciation widened to 8.1 per cent from 7.6.

● **GOLD** rose \$13½ to \$244½ in London.

● **WALL STREET** was 11.26 down at 323.37 just before the close.

● **GOVERNOR** of the Bank of England, Mr. Gordon Richardson, has acquired the international banking system, and the European market, themselves, of posing a threat to world economic and financial stability. Back Page

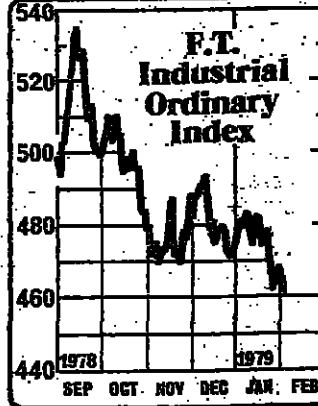
● **FIRST CHICAGO** Bank of the U.S. has cut its prime rate by 1/2 per cent to 11 1/2 per cent, following similar cuts by Chase Manhattan and First Pennsylvania.

● **RETAIL** spending in December was even higher than provisionally estimated, with final official figures showing a 3 per cent increase between November and December. Page 6

● **STEEL INDUSTRY'S** customers have criticised the Government's strategic handling of the nationalised sector of the steel industry, particularly BS's planned closures of unwanted steel-making capacity. Page 6

● **METRO-CAMMELL** of Birmingham has won a £50m order to supply an extra 150 rail cars to the Hong Kong Mass Transit Railway Corporation, in a contract bringing the total value of work placed with the company to £125m. Back Page

● **NATIONAL CARRIERS** made a trading profit of £2.6m last year, which resulted in the company's first net profit since it was formed 10 years ago. Page 8



16% offer rejected by water workers

FINANCIAL TIMES REPORTERS

The water industry's 33,000 manual workers last night turned down an increased pay offer of 16 per cent.

Negotiations were still going on last night, and union officials felt there was still room for further improvement in the offer, which will become the pacesetter for public sector pay settlements.

The National Union of Public Employees had made it clear before yesterday's talks began that if the earlier 13.9 per cent offer was not significantly improved its 10,000 members in the industry would be called on to take official action. Unofficial action has already taken place in parts of England, particularly the North West and Yorkshire.

There was disarray yesterday among Ministers and local authority associations over how far the Government would be prepared to support a pay offer by councils that exceeds 8.8 per cent.

Colleagues of Mr. Callaghan were insisting that the Prime Minister had not given the go-ahead for a much more flexible attitude to be adopted by the local authorities when he referred, on Saturday, to a settlement in single figures.

Denials

Mr. David Ennals, Social Services Secretary, certainly interpreted the remarks in a Newcastle speech as meaning that Government support would be forthcoming for a settlement that remained in single figures. He also said in the Commons that he aimed to secure a single-figure settlement for health service workers.

There were strenuous denials of any shift in the Government's position. It was stressed that local authorities would have to approach the Government for permission before negotiating any offer above 8.8 per cent.

Treasury officials said the Prime Minister's speech did not necessarily imply that the Government would be prepared to underpin a settlement above 8.8 per cent.

The belief among MPs, however, is that the Government would be prepared to support a settlement up to 10 per cent.

Local authorities are annoyed that if the Prime Minister still intends not to sanction a deal above 8.8 per cent, his Newcastle speech weakened their already difficult bargaining position.

Leaders of the three main

Dunlop State aid hits snags

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A REQUEST by Dunlop for £23m State aid to help develop its troubled tyre business has run into problems in Whitehall after failing to win initial backing from the Government's Independent Industrial Development Advisory Board.

Possible terms for the aid, which Dunlop is believed to want to use for a five-year development programme costing some £100m, are now being renegotiated by the Industry Department.

The company has rejected ideas, floated by the Government, that the National Enterprise Board should take a stake in its business, and the Government is now looking for other ways of involving itself in the future of the company.

One idea being canvassed is that the Government might recoup some of the £23m Dunlop wants in the form of interest relief grants, if the company is making adequate profits after five or six years.

Ministers see the claim for aid, which is one of the largest made under the Industry Department's £160m selective investment scheme, as a politically sensitive issue. This is because Dunlop is declaring more than 3,000 workers redundant and is closing its Speke plant on Merseyside.

The object of Dunlop's development programme is to build up its tyre manufacturing business in Birmingham. Ministers envisage a political storm should they grant £23m to a company which is pulling out of a depressed development area so as to build up its operations in a more prosperous part of the country.

Dunlop applied for the aid before Christmas and subsequently is believed to have had talks with the NEB which were broken off at an early stage because the company was not interested in a deal with the State-owned organisation.

Continued on Back Page

Continuing unrest in Iran brings reaction Oil companies fear Saudi output cut

BY KEVIN DONE, ENERGY CORRESPONDENT

COMPETITION FOR shrinking world oil supplies has been intensified by reports that Saudi Arabia has imposed a new monthly production ceiling which would reduce available supplies by up to 1m barrels a day.

The four U.S. oil companies—Exxon, Social Texaco and Mobil—which lift nearly all Saudi oil production, have sought to confirm the reports of new production limits, but they are believed to have started to warn subsidiary companies and other crude oil customers to expect some cut-back in supplies and further price increases.

With nearly 5m barrels of crude oil a day lost to world markets, by the halting of oil exports from Iran, Saudi Arabia has held the key to consuming nations finding at least some replacement supplies.

In recent months it has increased production by about 3m barrels a day, partly to meet the usual increase in demand during the winter but partly to offset the loss of Iranian production.

Fears are growing, however, that Saudi Arabia has decided to hold down its production to 9.5m barrels a day compared with output in the first half of January that was ranging between 10.2m and 10.5m barrels a day.

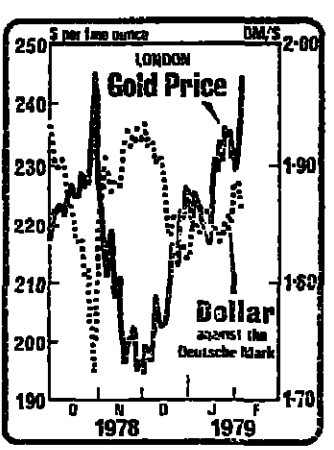
Saudi Arabia operated a production limit last year which set an average level of 8.5m barrels a day. This was interpreted as an annual average, however, which allowed production to rise from low levels in the first half of 1978 to more than 10m barrels a day in December.

According to oil industry executives in the U.S., Saudi Arabia has established monthly production limits of 9.5m barrels a day, which will apply for the first three months of the year.

The extra 1m barrels a day above last year's production ceiling is likely to be charged at higher prices to take account of the fact that the Organisation of Petroleum Exporting Countries oil prices are due to rise every three months this year.

This extra output would be treated as if it were produced in the final quarter of the year, by which time oil prices will have risen by 14.5 per cent above the 1978 level.

The squeeze on crude oil supplies has been further tightened by Libya's decision to cut production by about 50,000 barrels a day because of technical problems.



Gold up by record \$13½

BY COLIN MILLHAM

GOLD PRICES soared in London yesterday, closing with a record one-day rise of \$13½.

Fears about continuing unrest in Iran and the supply of oil from the Middle East, along with speculative switching between metals by investors contributed to the surge.

The metal closed at \$244½—its highest since the all-time closing high of \$245½ last October 30.

Gold opened very firm at \$234½, following strong demand in New York on Friday, soon closed at \$236½ on profit taking, then rose steadily in very active trading.

Silver also rose sharply, gaining 20p to close at 357½ (710¢).

With the U.S. likely to lose \$8bn in Iranian defence orders, the dollar fell back to DM 1.9650 against the D-mark, compared with DM 1.8850 on Friday, and the SwFr 1.6900 in terms of the Swiss franc, against SwFr 1.7080.

The dollar's trade-weighted index on Bank of England figures, fell to 61.5 from 65.6.

Although Britain stands to lose \$2.7bn from the Iranian arms cutback, sterling was fairly steady.

The index, as calculated by the Bank of England, eased to 63.3 from 63.4, but the pound rose 85 points to close at \$1.9395 against the dollar.

Money markets, Page 25
 Metal prices, Pages 16 and 39

Clashes loom as Ayatollah names his 'premier'

BY ANDREW WHITLEY AND ALAIN CASS IN TEHRAN

CONFRONTATION between the Iranian Army and supporters of an Islamic republic loomed closer last night as the Ayatollah Khomeini announced the appointment of a "premier" to head his "provisional government."

The religious leader named Dr. Mehdi Bazargan, who was seated next to him at a Press conference, as the man chosen to head his "provisional government."

Dr. Bazargan, who is 73, is an engineer and was head of the National Iranian Oil Company under the nationalist leader, Dr. Mossadegh, in the early 1950s.

He has also been closely associated with the National Front, the main opposition grouping. Recently he has acted as an intermediary between the army and the Ayatollah Khomeini's camp in an attempt at a peaceful compromise.

Dr. Bazargan has been asked to appoint a cabinet as soon as possible. His "provisional government" would then hold national elections for a constituent assembly to ratify a constitution presented to it.

In this confusing, tense situation, Dr. Bakhtiar's administration is likely to press ahead, more determined than ever, with reassessing economic policy. It is considering plans to nationalise the crippled banking sector, to take full control of the country's oilfields, and to review joint venture agreements with foreign companies.

Senior officials in Dr. Bakhtiar's administration have disclosed, meanwhile, that the cancellation of defence contracts with the U.S., Britain, West Germany and Italy involve orders worth no less than \$15bn.

At the same time, Dr. Rostam Pirasteh, Minister of Economic Affairs and Finance, said yesterday that Iran's domestic consumption will be slashed when political stability is restored.

But he was anxious to assure companies whose contracts have been cancelled that compensation will be paid.

Other developments, Pages 3 and 4

Higher fuel prices put pressure on industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

HIGHER fuel and raw material prices have built up the cost pressures on industry even before taking account of current pay increases.

But the output prices, charged by industry at the factory gate, have still been rising at a moderate rate. This suggests that the 12 month rate of retail price inflation—8.4 per cent in mid-December—should edge up only gradually during the first half of this year.

The Industry Department said yesterday that the price index for materials and fuel bought by manufacturing industry increased by 1.6 per cent in January to 150.8 (1975=100).

The most important single influence was the higher price of crude oil introduced by the producing nations at the beginning of the month. But the prices of other commodities, notably metals, have also started to rise.

The result has been that the raw materials cost index has gone up by 3.4 per cent in the past three months compared with a fractional decline in the previous three.

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 Retail sales, Page 6

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

(Prices in pence unless otherwise indicated)

Banks (Sidney C.)	97 + 5	Sabina	65 + 7
Evans of Leeds	89 + 4	Southvaal	513 + 44
Low (Robert H.)	80 + 8	Vaal Recfs	117 + 13
Mining Supplies	131 + 5	Vogels	85 + 12
Mountview Ests.	110 + 4	West Drie	£24½ + 1½
Stromgard	12 + 5		
Warner Ests.	168 + 8		
Wilkinson Warbrn.	85 + 4		
WILSON	132 + 6		
Oil Exploration	224 + 6		
Anglo American Coal	753 + 55		
Bracon	102 + 8		
Kinross	366 + 31		
Libanon	578 + 34		
Lydenburg	190 + 5		
Westina	104 + 7		
ITZ	110 + 10		
Rustenburg	154 + 10		

RISES:

FALLS:

Treas. 14½p 1994	£1004 - 1
Alpine Edges	95 - 6
Bell (A.)	174 - 8
Blue Circle	260 - 6
Brit. Car Auction	644 - 4
Dowty	283 - 6
Electrocompants	330 - 10
Guinness Peat	110 - 5
Haslemr. Ests. New 30pm	204 - 5
Hawker Siddeley	242 - 20
ICL	285 - 8
Lloyds Bank	270 - 7
Lucas Inds.	270 - 7
Moran (C.)	39 - 6
Royal Electronics	242 - 12
Sotheby P.B.	372 - 15

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FT 6/2

EUROPEAN NEWS

Discontent growing as Paris union talks open

By David White in Paris

TWO KEY labour meetings take place in Paris today and tomorrow against a background of escalating conflicts in several regions of France.

The Government begins talks today with five steel unions on the hotly contested plan to cut some 21,000 jobs in northern and eastern France this year and next. Tomorrow, leaders of the two most powerful trade union confederations, the Communist CGT and the Left-wing CFDT, meet to try to patch up differences which have weakened the impact of industrial action.

The talks between M. Robert Boulin, Labour Minister, and the steel unions offer little hope of a compromise that will calm feelings in the steelmaking regions.

The unions are seeking firmer guarantees of new jobs and a reduction in the number of redundancies, by introducing a fifth daily shift and a 35-hour working week. But the Government has been adamant about adhering to its job-shedding plan and is most unlikely to give in on a 35-hour week.

The unions will also ask for better treatment of redundant workers, including facilities for retraining. It is thought that the Government might be prepared to lower the threshold for early retirement.

M. Edmond Maire, secretary-general of the CFDT, warned at the weekend that in Lorraine and the Nord-Pas de Calais region "it is beginning to be a question of mass anger."

Protests continued over the weekend when steelworkers from Usinor, the biggest French producer, blocked the Paris-Brussels motorway.

Tomorrow's meeting between M. Maire and his counterpart at the CGT, M. Georges Seguy, is overshadowed by continuing political differences. These were underlined on Sunday when M. Maire strongly criticised the "xenophobic" attitudes of the Communist party and CGT, which have laid much of the blame for current employment problems at West Germany's door.

But the two leaders, who failed to agree at their last meeting in December, may well be able to establish joint fronts at a local level. Apart from steel, their discussions are likely to focus on combatting redundancies in Renault's lorry plants and in the shipyards.

The two unions are already joining forces in an increasing number of strike movements.

OECD move on aid scheme for Turkey

AN INVITATION from the West German Government to prepare for a joint aid scheme for Turkey by member countries of the OECD has been accepted by Mr. Emile van Lennep, the secretary-general.

The proposal has the support of the U.S., Britain and France, and Mr. van Lennep hopes to persuade other OECD members to join the scheme, writes Robert Mauthner in Paris.

THE EEC BUDGET DISPUTE

Parliament throws down the gauntlet

By Guy de Jonquieres, Common Market Correspondent, in Brussels

THE NEW Year has got off to a decidedly unpromising start for the Common Market. The European Monetary System, which was supposed to go into orbit on January 2, remains stuck on the launching pad.

Efforts to free EMS from France's controversial demands for accompanying changes in EEC farm financing arrangements have so far failed to make any headway. And, for the first time in its history, the Community has no agreed budget for the coming year.

In other circumstances, the budget dispute alone would be serious enough to prompt talk of a "crisis" in Brussels. It raises numerous questions about the future division of decision-making responsibilities in the Common Market and touches, accordingly, on some extremely sensitive political nerves in the member states. Unless it is resolved soon, there is a risk that it will flare up into a full-scale confrontation between EEC institutions, badly souring the atmosphere in the run-up to next June's direct elections to the European Parliament.

At its simplest, the row is a tug-of-war between the determination of the most sovereignty-conscious governments to keep major decisions firmly under their control and an attempt by an unexpectedly defiant European Parliament to carve out a bigger sphere of influence for its directly-elected successor. But few disputes in the EEC are ever completely clear-cut, and this one has been blurred by a number of complicating factors which do not make for an easy solution.

The seeds of conflict were sown last October, when the normally supine Parliament sprung a surprise by taking an extra 480m units of account (about \$233m) into the EEC regional fund, raising its value to 1bn UA. It justified this

LEAKED FIGURES AN EMBARRASSMENT FOR ERTL

German farm incomes 'up 10.3%'

By Jonathan Carr in Bonn

NEW FIGURES on the growth of West German farmers' incomes seem at first sight to have been made available at an embarrassing moment for Herr Josef Ertl, the Agriculture Minister.

Even as he went into negotiations in Brussels yesterday determined to resist any efforts to undercut the position of his farmers, the figures appeared in the West German Press. They show incomes grew by a healthy-looking 10.3 per cent in the 1977-78 year to an average DM 24,084 (£6,480) for each family member working on the farm.

It is unclear exactly who leaked these details. They will be included in the Government's agricultural report for 1977-78 which has not yet been published nor discussed by the Cabinet or Parliament.

It is not immediately clear what the motives for the indiscretion might be. But it is known that not everyone—either in the Government or in the senior coalition party, the Social Democrats (SPD)—is wholly sympathetic to the tough negotiating line which Herr Ertl, a Free Democrat (FDP), is likely to adopt in Brussels.

Not least, the start of the

European monetary system (EMS) depends on finding a suitable solution to the problem of monetary compensatory amounts (MCAs) in European Community farm trade. Bonn's partners, and France in particular, feel West German farmers have benefited disproportionately from MCAs. From that point of view, the figures are a marked rise in income could thus be used as pressure on Herr Ertl to be more flexible.

The figures could boomerang, however, against those who might try to use them in this way. For one thing, farm officials point out that the rise of 10.3 per cent is over the very poor drought year of 1976-77, when farmers' incomes actually dropped by nearly 14 per cent. Furthermore, available evidence suggests that incomes for the current 1977-78 year will rise by a maximum 3 per cent.

Because of these sharp annual swings, it is said that a fair judgment can be made only over the trend over a longer period. West German statistics show that, over the past decade, farmers' incomes have risen by an average of about 3 per cent annually, slightly less than the rise in non-farming sectors of the economy.



Herr Josef Ertl

It is true that such statistical comparisons are notoriously full of pitfalls—including insufficient data, wide income variations according to the size of the farm and so on. But Herr Ertl maintains it is his duty to see that farmers continue to share proportionately with other sectors the rise in national wealth. He is believed to be ready to resign if efforts are

made to force him to take a decision which he feels cuts across that principle.

He is also understood to think that a resignation on the issue at this point would have particularly sharp consequences in West Germany in the campaign run-up to the European direct elections in June.

Herr Ertl feels that the MCA's, which West Germany has accumulated have merely compensated his farmers for the rise in the value of the Deutsche Mark. He is ready to cut these MCAs, but only in the context of Community decisions on farm price increases which will help ensure his farmers' incomes do not fall.

There is a further domestic complication. Herr Hans Matt-hoer, the Finance Minister and a member of the SPD, is preparing legislation which could mean that West German farmers will have to bear a heavier tax burden. It seems likely that a Bill to this effect will emerge shortly—while the Brussels negotiations are still in progress. German farmers will then see their incomes threatened both in Brussels and at home. They are likely to increase pressure on Herr Ertl accordingly.

Lambsdorff delays decision on Veba-BP

By Adrian Dicks in Bonn

COUNT Otto Lambsdorff, the West German Economics Minister, is not now expected to be in a position to give his decision on the complex DM 90m (£215m) deal between Veba and Deutsche BP before the middle of next month.

Although the Minister had hoped to publish this week the result of his deliberations on a request by the two companies to let the deal go through, he has stayed his hand pending last-minute intervention by the European Commission in

Brussels and the Federal Cartel Office in West Berlin.

These two bodies have entered the BP-Veba case after it had been assumed by most observers that each had already had its say.

The Cartel Office's report objecting to the planned exchange of interests by the two companies was published last October, and caused Veba and BP immediately to apply to Count Lambsdorff for a ministerial dispensation. In a fresh

series of private discussions yesterday, however, the Cartel Office was believed to be requesting information on an aspect of the deal in which it had previously shown no interest.

This is the letter of intent signed jointly between Deutsche BP and Ruhrkohle, West Germany's biggest hard coal producer, setting out the terms of Deutsche BP's plans to sell natural gas to West Germany, and proposing co-operation in coal gasification research.

The Brussels Commission last week surprised some officials in Bonn by announcing that it planned a series of hearings. The Competition Department of the Commission announced that it wanted to study the effect on the West German gas market if a majority of Ruhrgas were to pass into the hands of international oil companies.

If the deal goes through, BP would acquire 25 per cent of Ruhrgas, which is already co-operating with Ruhrkohle in the coal gasification field.

Brussels row likely over nuclear safeguards

By Guy de Jonquieres, Common Market Correspondent, in Brussels

FRANCE APPEARS set on a collision course with the European Community over the politically sensitive question of whether the Community or its individual member governments should be responsible for negotiating international agreements on nuclear safeguards.

The issue may come to a head today when EEC Foreign Ministers, meeting under French chairmanship, are asked by the Commission for a negotiating mandate to enable it to take part in the international conference on physical protection standards which opened in Vienna yesterday.

The Commission insists that the Euratom treaty empowers it alone to represent the Community in the talks. Its argument is powerfully supported by a landmark decision handed down by the European Court of Justice last November, which unequivocally reaffirms that it has sole authority in this area.

France has reluctantly conceded that the Commission should attend the talks, aimed at concluding a convention on safety standards for the handling of nuclear materials. But it appears bent on undermining its role by refusing to approve a mandate, whose main elements have already been agreed in principle by the eight other member States.

The Commission claims that the court decision also requires the Council of Ministers to equip it with a mandate, and that in the absence of one, none of the individual governments may legally participate in the conference.

It is still unclear, however, what the Commission will do if France continues to block its request. Officials here were still hoping that a compromise could be reached at today's meeting and appeared reluctant to engage France in a head-on confrontation which could badly

damage relations with Paris.

France's insistence on being allowed a free hand to pursue its own nuclear policies—in both the civil and the military fields—has been a source of friction with the EEC's institutions almost since the day the Euratom treaty was signed more than 20 years ago.

Resistance to what it regards as interference by the Community in this field is also causing it to balk at a Commission request for authorisation to negotiate a safeguards agreement with Australia. The protracted deadlock on this question is holding up the conclusion of nuclear supply arrangements between Britain and Australia.

A carefully-timed visit to French official thinking is contained in the current issue of the weekly news magazine L'Express in which the Euratom Treaty is portrayed as an unnecessary relic of an earlier age which should be revised to bring

it into line with today's political realities.

In particular, the article suggests that it is high time that the section of the treaty dealing with nuclear supply arrangements, whose provisions have long been criticised by France, was redrafted to permit EEC governments greater independence of action.

The world's first fatal accident at a nuclear power plant involving release of radioactive activity may have occurred at a Czech power station three years ago, according to the New York newsletter Nucleonics Week, writes David Fishlock.

In a report from Prague it says that two men were killed while refuelling a 350 MW gas-cooled reactor at Jaslovské Bohunice. How the operators were killed is not known, although one suggestion is that a fresh fuel assembly was incorrectly fed in.

Romania tightens control of agriculture

By Paul Lendvai in Vienna

ROMANIA HAS initiated sweeping changes in the agricultural sector, aimed at countering recent serious setbacks in farm production.

The main thrust of the reforms, announced by President Nicolae Ceausescu, will be to centralise the agricultural bureaucracy and thus keep a tighter rein on wastage and mismanagement at the district level.

By the end of February, so-called General State and Co-operative Agro-Industrial Councils will be set up. These will include state farms, collective farms, tractor and farm machinery stations, as well as all agricultural research institutes.

Through the various units will have their own budgets, each Council will have one plan for the entire district and will also be responsible for fulfilling the planned targets. Its chairman will be the agricultural expert of the local Communist Party committee. President Ceausescu has cautioned that the new measures should in no way lead to an under-estimation or neglect of small private allotments cultivated by the collectivised farmers. However, the unified management of the agriculture amounts to an unprecedented degree of centralisation.

Meanwhile, President Ceausescu in a Bucharest speech blamed the farm sector, the food industry and delays in export deliveries for the non-fulfilment of important plan targets. A comparison of the report issued last week by the Central Planning Office with the plan targets show that a number of key targets—and not only in farming—were not reached.

Productivity was up by 7 per cent, industrial output by 9 per cent, instead of the planned 10.6 per cent. Total foreign trade turnover increased by 10 per cent, but the original target was 19.1 per cent.

Mr. Ceausescu revealed that imports last year jumped by 16 per cent, but exports rose only by 6 per cent.

For the third year in succession, farm output fell short of the targets. Thus, the output of cereal grains in 1978, against the projected 23.2m tonnes, vegetable, fruit, grape growing, as well as livestock and meat targets, were also not reached. In all, gross farm output was up by 2.4 per cent instead of the projected 7.16 per cent. Far from reaching planned growth rates, the output of meat, dairy products and cooking oil were down even compared to actual results in 1977.

Though farm output between 1950 and 1978 showed a 350 per cent rise it is still far behind per capita output in the West or more developed East bloc countries, such as East Germany and Czechoslovakia. Though accounting for more than one-third of the total labour force, farming in 1976 contributed less than 15 per cent of the GNP.

The revamping of agriculture comes only two years after a large-scale reorganisation. Observers are doubtful whether yet another revision and reshuffling of personnel will alone improve the situation without a corresponding shift in investment allocations. Last year farmers accounted only for some 13.5 per cent of total investments in the economy.

Michelin chief shot in ETA Basque protest

By David Gardner in Barcelona

M. GEORGES ROUZIER, manager of the Michelin tyre company's plants in Spain's Basque country, was released yesterday after a brief captivity. Guzman kidnapped him in the town of Lesarte, but later let him go near San Sebastian with a gunshot wound in the leg. The attack was part of a wave of protests against last week's crackdown on Basque refugees by the French Government. The French are accused of severing French territory as a base to launch terrorist attacks inside Spain.

Protests against the French Government's action—which included the handover to the Spanish authorities of seven people and the deportation to Italy of 16 others—have continued throughout the past week in both the French and Spanish Basque country, despite the severely increased security measures.

The radical nationalist stronghold around San Sebastian was already paralysed by strike action yesterday in protest against the French Government. The arrests, especially if the detainees are charged under a package of anti-terrorist measures passed by decree last week, will certainly mean this strike action spreading.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription price per annum, Second class postage paid at New York, N.Y. and at additional mailing centres.

Negotiations begin on labour contracts for 2m workers in Italy

By Rupert Cornwell in Rome

VITAL NEGOTIATIONS for the new round of labour contracts, covering the 1979-81 period, begin here today between employers and unions representing more than 2m workers in the building, metalworking and engineering industries.

The bargaining, particularly in the engineering sector where key groups like Fiat and Olivetti are involved, promises to be long and hard. Its outcome may have a decisive impact on the course of the Italian economy over the period.

The initial positions of the two sides are far apart, and the employers have warned that to give into the claims made by the engineering unions would not only severely damage competitiveness abroad but remove any chance of creating new jobs at home.

This attitude was shared by the outgoing Government of Sig. Giulio Andreotti, whose ambitious economic recovery plan, running over the same period as the wage contracts, pinned its hopes on the containment of labour costs.

The core of the programme is its goal of limiting wage increases to the rise in the cost of living. But the metal

workers platform approved last year demands an increase of L20,000 (F18) in the monthly wage over and above the automatic indexation embodied in the "scala mobile" system.

Moreover, many unionists are now pointing to the collapse of the British Government's incomes policy as proof that no such device would work for long in Italy either.

At the same time they are seeking a reduction in the working week from the present 40 hours to between 36 and 38 hours, despite opposition from the employers and the powerful Communist Party which, at least until its withdrawal from the Government majority 10 days ago, supported the moderate line of the main union leaders.

Another request resisted by employers is for greater union involvement in corporate planning and decision making, which industry argues would only further add to the tasks of running a company.

The unions also are demanding specific additional aid for the depressed south, something which is linked intimately to the overall economic strategy of the outgoing Government.

Dutch printers settle for trend-setting 3% pay rise

By Charles Batchelor in Amsterdam

THE FIRST main group of Dutch workers—about 50,000 printing industry employees—has agreed a wage contract for 1979. The settlement, which is likely to set a trend, provides for increases of 3 per cent and contains agreements on issues such as early retirement and recruitment.

The printing settlement provides hopes of a breakthrough in the stalemate which has existed since central wage talks between the two sides of industry and the Government were called off in November. Last week, discussions between unions representing 240,000 metalworkers and 260,000 building workers were broken off.

The printers' 3 per cent pay rise is composed of an increase of just over 2 per cent to compensate for price rises and an increase in the basic rate of just under 1 per cent. The minimum holiday payment has been raised to Fl 1,900 (£475) and an extra day's holiday will be given.

The two sides also reached agreement on an early retirement scheme for 65- and 64-year-olds in the industry. Workers taking early retirement after at least 10 years service will receive benefits based on their last full wage. Premiums not covered by a Government subsidies will be met equally by the employers and the workers themselves.

The unions and the employers will draw up a plan to recruit and train 1,000 new printers in areas where there is a shortage. Consultative councils will be set up in companies employing between 10 and 25 workers. At present, Dutch legislation only

will draw up a plan to recruit and train 1,000 new printers in areas where there is a shortage. Consultative councils will be set up in companies employing between 10 and 25 workers. At present, Dutch legislation only

The Dutch Government has agreed on a revised Bill to liberalise abortion after some of its proposals were criticised by the Council of State, an advisory body which reviews all draft bills before they are sent to Parliament, writes Charles Batchelor, Prime Minister Dries van Agt refused to give details of changes, but said the main points have been retained, namely that a woman and her doctor should decide whether an abortion should be carried out, and that abortions may be performed in a clinic up to three months, but only in hospital thereafter.

provides for works councils in concerns employing 100 or more.

The employers rejected union demands for a flat rate increase of Fl 20 (€5) a worker a month, but the percentage increase now agreed exceeds this sum, a union spokesman said. The largest union federation, the FNV, is seeking an increase of Fl 20 a month to meet increases in the cost of living which, it says, are not met by the automatic price compensation mechanism.

Danish bonds ban in force

By Hilary Barnes in Copenhagen

THE BAN on the sale of Danish state kroner bonds to foreigners will come into force today. It will apply to all bonds issued since 1975, which means that only a small number of state bonds issued in the 1950s, can continue to be traded internationally.

Trading continued in the EEC.

authorities worked out how to apply the ban. Technically, it takes the form of a change in the foreign exchange regulations which redefines state bonds as money market papers; short-term papers which can be excluded from the capital liberalisation regulations of the EEC.

Pinto faces parliamentary battle over tax on bonus

By Jimmy Burns in Lisbon

PORTUGAL'S non-party Government led by Sr. Carlos Mota Pinto is hoping to gauge today the extent of growing dissatisfaction among the political parties and trade unions for some of the Government's economic plans.

In what some observers here see as the 10-week-old administration's first major Parliamentary test, Sr. Carlos Mota Pinto and his Ministers will face a barrage of questions on their controversial plan to introduce a 50-to-60 per cent tax on the traditional Christmas bonus. The Government will also be questioned on its intention of holding salary increases to a ceiling of 18 per cent this year and on plans to reduce the amount of central government spending on local government projects.

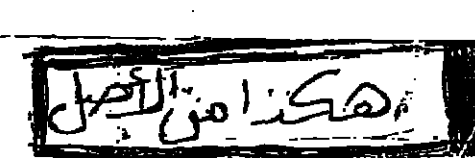
The Government was clearly surprised by the criticism of its policies launched at the weekend by the Christian Democrat Party (CDS). The CDS accused the Government of incompetence and implied that it might have to reconsider its support for the administration because of the new tax.

Exactly surprising was the weekend challenge launched by the recently-created non-Communist trade union organisation, the General Union of Workers (UGT). The UGT, which many observers had been expecting to adopt a more passive position than the rival Communist trade union, International, said the levy on the Christmas bonus and the ceiling of 18 per cent were unacceptable.



Sr. Carlos Mota Pinto

The new offensive from the parties and the unions has come at a delicate time for the Government. It coincides with the arrival today of an IMF team and the beginning of what is expected to be the negotiation of the Portuguese "Letter of Intent" signed last May. The Government is hoping to reassure the IMF not only that the political crisis in Portugal is over but also that its budget and short-term economic plan for 1979 will be implemented once parliament approves it on February 15.



OVERSEAS NEWS

IRAN

Salesmen cut their losses

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

UK industrial companies involved in contracts with Iran now threatened with suspension or cancellation are looking for alternative outlets for the weapons concerned.

Swiss concern on flight capital

BY BRIJ KHANDARIA IN GENEVA

ALARMED BY the rate of inflow of Iranian money into Switzerland, a Swiss banking watchdog unit has opened enquiries to check whether commercial banks are violating understandings reached with the National Bank.

Saudis oppose 'foreign interference'

JEDDAH — Saudi Arabia's Foreign Minister declared yesterday that his country was opposed to any changes in Iran involving foreign interference and the alteration of balance of power in the region.

A think tank for the Third World

By Hugh O'Shaughnessy

THE developing nations of the world, the ferocity of whose demands for change often appear to scarify the chanceries of the richer countries, have pathetically few resources with which to deal with the immense task of carrying on detailed negotiations.

Court judgment on Bhutto today

THE PAKISTAN Supreme Court will rule today on whether Mr. Zulfikar Ali Bhutto, the ousted Prime Minister, should hang for ordering the assassination of a political opponent four years ago.

Pakistan's future on trial

ONE OF the world's most widely publicised court cases comes to an end today when the seven judges of Pakistan's Supreme Court finally pronounce on the appeal against the death sentence of the deposed Prime Minister, Mr. Zulfikar Ali Bhutto.

death sentence imposed by Lahore High Court last March.

Strict security has been imposed in Pakistan in preparation for the judgment, but the announcement will not be the end of an affair which began with Mr. Bhutto's arrest 17 months ago on charges of ordering a 1974 ambush on Mr. Ahmed Raza Kasuri, a vocal critic of Mr. Bhutto.

Mr. Bhutto in a bloodless coup in July, 1977, has said consistently that he will abide by the Supreme Court verdict if it decides to order the execution of the ex-Premier.

Mr. Bhutto has said he would not petition for clemency and has commanded his family not to petition on his behalf.

He has shown contempt and disdain for General Zia, who he has described as a "chocolate soldier" and "knight on a white horse."

attempt on his life, but after an investigation the case was filed untraced. It was re-opened soon after Mr. Bhutto was ousted by General Zia.

By itself the judgment will not lift the heavy cloud of uncertainty overhanging the country's future. Whatever it says, the decisive move must still come from General Zia-ul-Haq, Pakistan's military ruler, and no one knows when that will come.

The verdict itself is nevertheless momentous for Pakistan. While Mr. Bhutto is alive he remains an incalculable force in the country's politics, even languishing in jail. Dead he would be a martyr to his countless supporters in the rural parts of his home province of Sind and all over the Punjab.

It is hardly surprising, therefore, that the country has been virtually paralysed as it awaits the supreme court announcement. The administration has postponed decisions pending a verdict. Political parties have loosened existing alliances in case the former leader should re-emerge. Businessmen refuse to invest.

The martial law authorities are taking no chances. In a nationwide swoop at the weekend they rounded up hundreds of Bhutto supporters, mainly local leaders of Mr. Bhutto's Pakistan People's Party (PPP). Police leave has been cancelled, and signs of military preparedness have grown more visible. Schools and colleges have been closed. A series of unexplained bombing incidents in major cities last week has added to the tension.

The controversial four month Lahore high court trial and the seemingly interminable seven-month appeal in Rawalpindi have served only to reinforce rather than undermine people's prejudices about Mr. Bhutto.

General Zia now stands by his undertaking to do the court's will. For his part, Mr. Bhutto has told his family he wants no mercy appeal if the judges uphold the death sentence. Under the rigours of martial law and after last year's abortive attempt at confrontation Mr. Bhutto's party is poorly placed to start agitating. But many of the world's embassies in Islamabad have their protest messages prepared.

The Supreme Court judges must pronounce on the Lahore high court's conviction and sentence on three charges: death by hanging for murder, seven years jail for attempted murder, and five years for conspiracy to murder. Legal opinion differs on whether the court can reduce the death sentence to life imprisonment, with some lawyers saying that on all three counts it can only confirm the penalty or acquit. One other alternative is a retrial.

The case derives from an incident in November 1974 in which a car containing Mr. Ahmed Raza Kasuri, a member of Parliament who had spoken out against Mr. Bhutto, was ambushed in Lahore. Mr. Kasuri's father, a passenger in the car, died of bullet wounds. Mr. Kasuri named Mr. Bhutto as the instigator of the apparent

ineffectual, that he was hardly someone to be eliminated. They derided Masood Mahmood as dishonest and said the contradictory "confession" extracted from him was not independently corroborated.

Evidence was also produced to show that the jeep supposedly used in the ambush could not at the time have been with the men confessing to the crime. One of these men was further shown to have been in Karachi at the time he was supposed to be in Lahore.

The Government then produced three white papers while



The case of Mr. Bhutto (right), in the eyes of many Pakistanis, is basically an example of holding a political leader responsible for what he did in office, writes Chris Sherwell in Islamabad.

instructed Ghulam Hussain, an inspector, to organise the assassination. The men are alleged to have bungled the job, and Mr. Kasuri's father died by mistake. According to the prosecution, the weapons were directly implicated under Mr. Bhutto's control. But attempts to investigate the document were frustrated by "pressure, influence and coercion" from the Prime Minister and the PSF. Within ten months the case was filed untraced.

The detention of Masood Mahmood and the others on the day of the 1977 coup and during subsequent weeks brought a chain of alleged confessions which led to Mr. Bhutto's arrest and trial.

Mr. Bhutto did not treat the prosecution's case particularly seriously. But he took great exception to the way the court worked. He quickly concluded from what he felt were insults and humiliations that the court was prejudiced against him, and he boycotted the proceedings. He lost more faith when the court heard his own statement in camera after hearing the prosecution case in open court.

When the court eventually found Mr. Bhutto guilty and sentenced him, and four others, to death last March, it produced a judgment which in its tone appeared to confirm Mr. Bhutto's suspicions.

Mr. Bhutto initially refused to appeal. After an international outcry which, as can now be seen, wasted irreversibly much of the pressure that may yet be sought to save his life, an appeal was filed with the supreme court. Hearings began in May. After the controversial Lahore Trial the court went to great lengths to ensure that the defence was given a fair hearing, and Mr. Bhutto's lawyers went minutely through the reliability of Mr. Kasuri as a man of capricious political loyalties whose criticism of Mr. Bhutto was so

instructed Ghulam Hussain, an inspector, to organise the assassination. The men are alleged to have bungled the job, and Mr. Kasuri's father died by mistake. According to the prosecution, the weapons were directly implicated under Mr. Bhutto's control. But attempts to investigate the document were frustrated by "pressure, influence and coercion" from the Prime Minister and the PSF. Within ten months the case was filed untraced.

The judges themselves became embroiled in controversy when one of the original nine, thought by the defence to be pro-Bhutto, was not re-appointed to the court on an ad hoc basis when he retired. This is normally a formality in such instances.

Panic gripped the Bhutto camp. Where the appeal had seemed to be going so well, suddenly there was the feeling that the court was being loaded against them.

him if they wished, because he had at last had the opportunity to speak. But if they did hang him, he warned, the consequences for Pakistan would be traumatic. It was a remarkable performance.

Few people doubt that Mr. Bhutto has been given a fair hearing in his appeal, and by his own statements he will have difficulty rejecting the court's judgment if it finally goes against him. British, French and American lawyers who have examined the case and heard the proceedings are satisfied that the appeal has been fair, but they are also certain that the charges would not stand up in their own courts.

While the evidence may seem circumstantial to Western eyes, Pakistan's law takes account of a traditional tendency to deal directly with one's enemies and where justified aims to convict the person giving the orders. On top of this the incident took place under a regime where "dirty tricks" if not murder were widely believed to be a legitimate part of politics. Certainly Mr. Bhutto was known to be a petty and vindictive man as well as a remarkable leader.

The questions constantly asked concerning political influence on the judges remain unanswered. The judiciary has a reputation for independence in Pakistan, but like all judiciaries has known some poor judges. Not to acknowledge to Bhutto supporters that General Zia, Mr. Justice Mushtaq Hussain (the chief justice at the Lahore trial) and Chief Justice Anwarul Haq are close to each other is to appear naive.

In the eyes of many Pakistanis the Bhutto case is not a way of overcoming a political succession problem, but quintessentially an example of holding a political leader responsible for what he did in office. The military government has pressed ahead resolutely with this process of "accountability" an all fronts, punishing former office-bearers by disqualifying them from politics through military tribunals.

The Bhutto case has nevertheless become a salutary example of how not to hand a succession problem, for all the Government's insistent protests that it is just a private case. The uncertainty paralysing the country will continue once the judgment is handed down while General Zia decides whether to commute a death sentence or, in the event of acquittal, to press further charges already in the pipeline. Public reaction will be critical.

Regardless of the outcome, a return to representative government looks as far away as ever. The divisions within the country have deepened. The attempt to build an Islamic order has produced precious little and the economy remains in difficult straits. At the same time, events in Iran and Afghanistan and the seemingly uncounted moves of the Soviet Union in the region have increased the Government's uneasiness.

Bhutto supporters declare rather arrogantly that if he is hanged the country will break up. Opponents are convinced that his rule brought the country to the brink of fragmentation, and they fear his return. Pakistan's tragedy is that in the absence of national unity and political stability, at home and support from abroad, both may be right.

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Cuba The question facing the developing countries is in what form should they cast their new secretary which Ramphal has provisionally christened the OECD, the Organisation for Economic Co-operation among Developing Countries. Should it be formed by the Non-Aligned Movement which later this year celebrates its summit meeting in the Cuban capital and in which President Fidel Castro aims to become increasingly important or should the secretary be generated by the Group of 77, the informal consultative body of developing countries which is operative in the principal bodies of the UN Organisation? Though the Cuban leader and his Government will be straining every muscle this year—as indeed they have strained for more than a year already—to try to make sure that Cuba becomes the effective leader of the Third World through the Non-Aligned Movement, the unwillingness of many developing countries to accept Cuba's Marxist-Leninist ideologies and its close relationship with the USSR makes it highly unlikely in the view of many observers that any OECD will spring from the Havana summit. The less politically charged Group of 77 seems to some people to be the better bet. Were the 117 members of this mis-named Group to pitch in with contributions, only four need pay more than \$1m a year. The majority would get by with the modest enough contribution of \$25,000 and perhaps derive the added benefit of cutting their overall costs for diplomatic representation. Though the realisation of the idea of an OECD is still many months, perhaps years, away there are signs that the need for such a body is becoming more universally accepted in the Third World as it makes its preparations for UNCTAD V which is to be held in May in Manila. Next month sees the meeting at the Tanzanian town of Arusha of representatives of the Latin American, African and Asian countries who are going to Manila. Each continental group has already had its own regional meeting to decide its local priorities. Perhaps the most highly organised has been the Latin American contingent who at the end of last year met to draw up their own priorities at the Uruguanay resort of Punta del Este and the Venezuelan capital Caracas under the aegis of SELA, the Latin American Economic System.

Communist The ambitiously named SELA has been active for the past few years attempting to work out a Latin American consensus on economic topics and had some initial success in getting the Cubans at one end of the spectrum to sit down with, say, the Paraguayans and Nicaraguans at the other end of the political spectrum to elaborate a common position. Only last year, however, did its fortunes begin to lull up under the direction of its permanent secretary, the Ecuadorian economist and former Minister, Dr. Jaime Moncayo. With a small staff in Caracas Dr. Moncayo is busy drawing up policies for the Latin Americans to pursue in their discussions with the EEC and in the various UN forums, drawing heavily on the work of the UN Economic Commission for Latin America based in Santiago.

Pretoria lowers bank rate by 0.5% BY OUR JOHANNESBURG CORRESPONDENT THE BANK RATE in South Africa is to be reduced from 8.5 per cent to 8 per cent with effect from today, the South African Reserve Bank announced last night. The move, which follows a considerable easing of interest rates in the markets

Former chief of BOSS will not be prosecuted

BY QUENTIN PEEL IN CAPE TOWN

Mr. Jimmy Kruger, South Africa's Justice Minister, yesterday refused to overrule his Attorney-General and prosecute Gen. Hendrik van den Bergh, the former head of the South African secret service, for contempt of a judicial commission.

In the face of accusations by the parliamentary Opposition of a deliberate Government cover-up of the ramifications of the Information Department scandal, Mr. Kruger said it would be contrary to tradition to overrule the Attorney-General. Mr. Kruger was accused by Mr. Collo Eglin, leader of the Opposition Progressive Federal Party, of "making a travesty of the administration of justice."

He accused the Government of making Dr. Connie Mulder, the former Information Minister, a scapegoat for the misuse of public money in his department, when it must have been known to several, if not all, Cabinet members. Mr. John Vorster the former Prime Minister and now state President, Mr. Owen Horwood, the Minister of Finance and Mr. P. W. Botha, the present Prime Minister and Defence Minister were all "responsible for their respective parts in the perpetration of a system of parliamentary control."

Anti-Amin group in action

BY JOHN WORRALL IN NAIROBI

A NEW "kill Amin" movement, the Save Uganda Movement (SUM), has gone into action in Kampala, flooding the city with pamphlets headed "SUM is in town—Amin beware." Some pamphlets have found their way to Nairobi, in the possession of exiles.

It is not known whether SUM is responsible for the violence in Kampala on Sunday which continued yesterday. A bomb disrupted electricity supplies on Sunday and the blackout in Kampala continued yesterday. Uganda radio, which had to use its auxiliary generator, made no mention yesterday of the violence.

An oil tank belonging to AGIP was set on fire in the Kampala industrial area on Sunday, and troops patrolling the streets have set up roadblocks. A SUM spokesman in Nairobi said the group claimed responsibility for the explosion and the oil tank fire.

President Amin's reference to Uganda radio on Saturday to a "killer squad" sent into Uganda from Tanzania by Dr. Milton Obote, the former Uganda President, to kill him and other prominent people, may be an attempt to show that SUM comes from outside the country.

The SUM pamphlet says it was formed to "kill Amin and his mercenary henchmen." It called on "patriotic soldiers to kill Amin now or he will shoot you like Ondoga, Arube Ochima and many other gallant soldiers. "It appealed to civil servants to locate Amin "for killing," and "appeals to the whole Uganda population to prevent Amin from running away."

It reminded Ugandans that "Amin killed Archbishop Luwum, Mr. Benedict Kiwuka, the Chief Justice, Mr. Mubiru, the governor of the Bank of Uganda, Mr. Frank Kalluzuru, the Vice-Chancellor of Makerere University, and thousands of other sons and daughters of Uganda."

With the Tanzanian army ranged along the border west of Lake Victoria, and Dr. Milton Obote recently urging the people and army of Uganda to rebel against Amin, pressures against the Ugandan dictator are increasing. Amin said last week that Tanzanian forces have been shelling up to 18 miles inside Uganda. Last week, Tanzania admitted moving into a strip of Ugandan territory, in hot pursuit of invading Ugandan troops, but has denied attempts at invasion.

AMERICAN NEWS

WORLD TRADE NEWS

Opposition re-groups against Somoza

THE NEXT bout of civil war should not be long coming to Nicaragua. In the months since August and September when the general insurrection against four decades of dictatorship by the Somoza family was smothered by the National Guard of the President General Anastasio Somoza, there have been few signs of compromise or reconciliation between the Government and the governed.

General Somoza has been unwilling to make any concessions to popular demands that he should leave the presidency and make way for a democratically elected government. The opposition, which includes all currents of political opinion from the conservative to the Marxist, for its part is equally adamant that he must and will go.

The never very promising operation mounted by the U.S., Guatemalan and Dominican governments to mediate between the General and his opponents looks as though it has finally expired having achieved nothing. The mediators have gone home and no one knows when—if ever—they will return.

Group of Twelve

The Group of Twelve who occupy a democratic centre-left position and who are in close touch with the Sandinista guerrilla movement are the most popular political group in the country. They are now hard at work trying to put together a Patriotic Front which would include Conservatives, Liberals, Christian Democrats and others who seek an emergent democracy in this tortured Central American republic. Such a front would present itself as a realistic, alternative to four decades of Somoza rule, seek international acceptance and coordinate an international boycott of the Somoza regime.

The Twelve argue that Somoza's position would be made impossible if, for instance, an oil embargo was instituted against Nicaragua. Though they acknowledge that U.S. action against General Somoza in the International Monetary Fund and the international capital markets has seriously weakened his position they argue that Washington has moved too slowly and too late against him.

The Twelve meanwhile are considering establishing themselves more formally by starting a Sandinista Party, named like the guerrilla movement, after a nationalist leader of the 1920s and 1930s who resisted the U.S. occupation of Nicaragua, and who was killed in treacherous circumstances by President Anastasio Somoza, founder of the dynasty and father of the present head of state.

Sandinista factions

Few realists however think that Somoza will be ousted by political manoeuvring alone. The Sandinista guerrillas, who are divided into three differing factions, have done their best to sink their differences and have reportedly retrained and rearmoured for the final fighting. Despite U.S. attempts to dissuade them, a number of Latin American governments, including notably that of President Carlos Andres Perez of Venezuela, have been aiding the guerrillas. The Sandinistas have also benefited from the decision of the Havana government to acknowledge that the Sandinistas are in their majority political pluralists and not the Marxist-Leninists that Havana would like them to be. Havana's help to the guerrillas, though not crucial, is useful to them.

Defence chiefs play down cancellation of Iran orders

BY STEWART FLEMING IN NEW YORK

U.S. DEFENCE DEPARTMENT officials and military contractors were yesterday playing down the impact of Iran's likely cancellation of \$800 million of orders for military equipment from U.S. companies.

There is greater concern about the effect on the U.S. balance of payments, since military sales to Iran have bulked large in the positive trade balance with that country.

It has been suspected for some weeks that several major orders for military equipment would probably be cancelled, chiefly the \$3.2bn order for F-16 fighters from General Dynamics. Between 1980 and 1983, 160 aircraft were due to be delivered, and a follow-on order for another 160 had been expected. So far only 50 aircraft had gone to contract.

Aerospace analysts, such as Mr. Alan Benasuli of stockbrokers Drexel, Burnham, Lambert in New York, agreed with Government and company officials yesterday over the impact of a cancellation on companies.

It is pointed out that the U.S. is taking 1,358 of the aircraft and 347 more are expected to be sold in Europe and 75 in Israel. Canada is also considering a substantial fighter aircraft order, and could buy the F-16. Deliveries could simply be diverted to other countries.

Contracts are with the U.S. Defence Department Foreign Military Sales Office, which takes payments in advance from foreign nations ordering equipment. It also holds a trust fund from Iran, now totalling \$660m, to cover the costs of cancellations and subsequent disposal of equipment.

Defence Department officials suggest that the seven Airborne Warning and Control System (AWACS) aircraft from Boeing which Iran was expected to buy for \$1.1bn may also be sold elsewhere, perhaps to NATO.

The most immediate loss of revenue could affect McDonnell Douglas, which is likely to see an order for 16 R-F 4 E reconnaissance aircraft cancelled. These are the last of a batch for Iran, of which 200 have already been delivered. The contract is worth \$175m, the company says, but since 5,000 of the F-4 Phantoms have already been delivered, cancellation would have only a slight impact.

It is estimated that Iran has bought or ordered \$200m of U.S. military equipment in recent years. Iran could now virtually disappear as a customer. Last year, moreover, military exports to Iran are estimated to have accounted for about a third of the U.S.'s \$3.4bn export earnings from Iran and the figure was rising sharply.

U.S. export sales are likely to slump sharply, but the U.S. will have to replace the \$300m of oil, or 5 per cent of consumption, it imported from Iran with oil from other sources, unless it can cut consumption.

revenue could affect McDonnell Douglas, which is likely to see an order for 16 R-F 4 E reconnaissance aircraft cancelled. These are the last of a batch for Iran, of which 200 have already been delivered. The contract is worth \$175m, the company says, but since 5,000 of the F-4 Phantoms have already been delivered, cancellation would have only a slight impact.

It is estimated that Iran has bought or ordered \$200m of U.S. military equipment in recent years. Iran could now virtually disappear as a customer. Last year, moreover, military exports to Iran are estimated to have accounted for about a third of the U.S.'s \$3.4bn export earnings from Iran and the figure was rising sharply.

U.S. export sales are likely to slump sharply, but the U.S. will have to replace the \$300m of oil, or 5 per cent of consumption, it imported from Iran with oil from other sources, unless it can cut consumption.

Trudeau gives in over dollar

BY VICTOR MACKIE IN OTTAWA

MR. PIERRE TRUDEAU, the Canadian Prime Minister, has capitulated to Opposition demands that the Governor of the Bank of Canada be called before a committee investigating the serious decline of the dollar.

Mr. Joe Clark, the Opposition leader, led three days of attacks on Mr. Trudeau, who had refused to allow the Finance Committee to look into the dollar's decline, offering instead a debate in the House of Commons.

Yesterday Mr. Trudeau gave in and Mr. Gerald Bouey, the governor, will appear for three hours today to answer questions on soaring interest rates and the dollar's fall.

Yesterday Mr. Trudeau met ten provincial premiers at the second constitutional reform conference to be held within three months, amid reports that a consensus could exist over a few of the issues. The conference will continue for two days and may provide a springboard for the Prime Minister to call an early general election, perhaps in April.

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Mr. Trudeau yesterday bitterly condemned the separatist Parti Quebecois government of Quebec. He accused it of preparing to perpetrate a swindle in the province's referendum on independence, expected next year.

A separation from Quebec would mean the end of Canada, with the other provinces "falling into the lap of the United States," he said. "I think that inevitably and sooner rather than later, the constituent parts of Canada would fall back into their north-south axis... and would fall into the American lap."

Mr. Joe Clark... wins dollar investigation



Changes in new strip mining law

BY JOHN WYLES IN NEW YORK

THE DEPARTMENT of the Interior is expected to publish new regulations for the strip mining industry later this month which will partially reflect the tensions within the Administration between environmentalists and economists.

The regulations are the first attempt to establish minimum uniform environmental standards for strip mining, under the Surface Mining Control and Reclamation Act of 1977. The legislation, passed with much fanfare from the White House,

won the acclamation of environmental lobbies. The Department of the Interior first published proposals last September which spelled out coal mining companies' responsibilities for restoring land after strip mining. But it emerged early last month that White House economists, anxious to attack the inflationary impact of federal regulations, had voiced strong criticisms.

They claimed that the regulations would add \$2bn a year to the cost of coal by 1985. The environmental lobby, sensing a betrayal, challenged in court the right of the White House to interfere in preparation of the regulations, but were defeated. Last week the Office of Surface Mining produced new proposals, which should become final later this month. They tend to give companies more latitude in achieving the goals laid down by the legislation. Environmental activists have alleged the Department of the Interior is shying away from its responsibilities.

Farmers' tractorcade disrupts Washington

BY DAVID BUCHAN IN WASHINGTON

HUNDREDS of tractors trundled early yesterday onto the streets of Washington in a massive demonstration organised by the American Agriculture Movement, aimed at getting the Administration and Congress to raise farm prices.

The 2,000 strong "tractorcade" severely disrupted morning traffic, and by midday had reached Capitol Hill for a protest rally. The AAM, some of whose members had driven their tractors for several weeks from Texas and California, vowed to keep the tractors in Washington until it achieved its aims.

Its chief demand is the raising of farm commodity prices to 90 per cent of parity. This "parity" is a measure of where

farmer's incomes were in relation to those of other workers just before the First World War. Concern about food price rises has in the past year increased both in the Administration and in Congress, as political pressures to help the farmers have slackened. President Carter raised the target prices for some grain commodities slightly last autumn, but made it clear he intended to take no further action in view of inflation, and the improvement last year in farm incomes.

These increased, with the help of a bumper 1978 corn crop, to a net figure of \$26bn. 1977 was a bad year, and that farmers' incomes are well down. AAM spokesmen argue that the \$33bn level in the record year of 1973.

an opportunity for a new debate on controls. If the plan were to go ahead, it would raise questions about its effect on British Petroleum's majority-owned subsidiary Sohio, which is the major Alaskan producer.

Sohio is seeking approval for a pipeline from Long Beach, California, to New Mexico, to carry its oil east and avoid the costly Panama route. This would presumably be affected if the oil was re-allocated to Japan. However, the department's proposal may specify that only oil in excess of present production should be exported, meaning that Sohio's plans would not be hit.

AP adds from Caracas: Venezuela's oil production, on which it depends for nearly 96 per cent of export earnings, continues at a high level early in 1979, according to the Energy and Mines Ministry. Average daily production this year up to January 30 was 2,262,685 barrels.

The Government has set a 2.2m barrel-a-day ceiling as a production average for the full year, to conserve reserves.

104 die in Brazil flood

By Rik Turner in Sao Paulo

CONTINUAL RAIN for 25 days has caused heavy flooding in the Brazilian states of Minas Gerais and Espirito Santo, with a death toll so far of 104, and 55,000 left homeless. A state of "public calamity" has been declared in 140 towns in the two states.

Damage to property, not counting agricultural losses, is estimated at 1bn cruzeros (125m) in Minas Gerais, and 250m cruzeros in Espirito Santo.

The areas worst hit so far are the valleys of the rivers Rio Doce, Jequitinhona and Sao Francisco. The latter has reached within 60 centimetres of the top of the important Tres Marias dam, whose sluice gates have been opened, aggravating the problem downstream.

U.S. move to ease curb on Communist trading

By David Buchan in Washington

LEGISLATION allowing the U.S. to grant tariff and trade concessions more evenhandedly between the Soviet Union and China was proposed yesterday by Senator Adlai Stevenson, chairman of the Senate banking sub-committee on international finance.

The 1974 Trade Act under the Jackson-Vanik Amendment, bars most favoured nation tariff treatment or Export-Import Bank credits to Communist countries that do not allow free emigration. The Carter Administration believes China's emigration policy is liberal enough to pass this test. So do certain key members of Congress, including Senator Henry Jackson, one of the original restriction's co-sponsors.

Senator Stevenson, arguing that the even handed policy by the U.S. towards Russia and China might prevent the exacerbation of tensions between those two countries, has proposed modifying the language of the Jackson-Vanik Amendment to give the Russians the trade credit and tariff concessions promised them in 1972 by the Nixon Administration, but since withheld by Congress.

The Stevenson Bill, which has the Administration's tacit support, would allow President Carter to waive the trade restrictions if he "determines" that Soviet emigration practices are satisfactory. Jewish emigration from the Soviet Union has risen to 50,000 in 1978, leaving in December alone.

Senator Stevenson has also proposed a \$20m ceiling on Export-Import bank loans and guarantees to any one Communist country. Under current law, there is a limit, albeit nominal of \$300m on Export-Import bank credits to the Soviet Union, while there is none for China.

MFN tariff status and Exim-bank credits for China would form part of the trade agreement, which Mrs. Juanita Krepe, the U.S. Commerce Secretary is to negotiate in Peking in April. Credits, both Government and commercial, and tariff concessions, to allow the Chinese to increase their hard currency export earnings, are considered essential if China is to be able to pay for all the technology the U.S. is hoping to sell it.

Bahrain hospital

IBIS Medical, a British hospital contractor, yesterday handed over on schedule a \$2m 125-bed military hospital at West Rifa for the Bahrain Defence Force. The hospital is 90 per cent British equipped. IBIS was backed in the project by consulting engineers Alistair McCowan and Associates, and YRM International, as architects and planners.

LOW AIR FARE CONFRONTATION

Qantas-BA duopoly angers ASEAN

BY PHILIP BOWRING IN SINGAPORE

EXTRA CHEAP advance purchase excursion air fares between Australia and the UK and the west coast of the United States began on February 1.

But this step towards the liberation of Australia from the tyranny of distance has upset its potential divergence of interest between them, notably between those countries concerned

So Australia and the UK produced a cheap fare deal confined to national carriers, a duopoly that is a blatant example of airline protectionism. It is also a direct assault on third country carriers offering better in-flight service and non-IATA perks.

For public consumption at least, ASEAN has been making more of a fuss about stopovers

Residents in the seaside resort of Port Dickson, in Malaysia, 110 kilometres south-west of Kuala Lumpur, have complained about sonic booms which, they say, are caused by Concorde aircraft passing over the Straits of Malacca between Singapore and London. In a telegram to the Friends of the Earth Society of Malaysia, a Port Dickson resident urged the FESM to register a strong protest with authorities.

mainly with tourism and those — principally Singapore — at least as concerned with the airline business per se.

Some of the partners are also privately critical of Singapore's sharp reaction to the present situation. There have been threats of retaliation and calls for boycotts of Australian goods. Indeed, Singapore ministers, who normally treat third world sentiment with some distaste, have been saying this is a north-south issue and that Australia be "exposed" at UNCTAD.

Singapore is about the last country which would cut off its own nose to spite its face, but the amount of noise it has been making illustrates how important it feels the airline business is to its economy.

Renault may supply car engine parts to S. Korea

BY TERRY DODSWORTH IN PARIS

RENAULT, THE French motor company, is looking into the possibility of a licensing agreement to supply parts to the expanding South Korean motor industry.

The group has been asked to tender for the contract by Hyundai Motor, the Korean company which went into production with its first vehicle, the Pony, about two years ago.

Contacts between the two groups, which followed similar talks between Hyundai and Volkswagen of West Germany, are connected with the decision of the South Korean company to expand its car building activities.

According to reports from Korea, Hyundai is planning to invest in a new plant capable of producing vehicles at rates close to the norm of the Western European or Japanese industries of about 300,000 units a year. Some 150,000 of these vehicles are expected to be aimed at export markets.

The new car will be basically designed in South Korea, unlike the Pony, which was styled and conceived by Western European specialists. But Renault says that it will be putting together proposals for a project to supply mainly engine components to Hyundai.

It is not clear as yet what the Koreans are planning for the mechanical units of the car, although in the past they have bought in designs and parts from foreign manufacturers.

The departure of Renault's technical team to South Korea within the next few weeks, follows a year of intensifying activity for the French group overseas.

In this period plans have been announced to double its manufacturing activities in Turkey and Mexico, and to develop the Portuguese motor industry. More recently it has signed an agreement in the U.S. which will give it access to the American motor sales network, eventually leading to the assembly of its cars in North America.

The next logical step in this development overseas would be in the Far East where much of the growth of the world's motor industry is expected within the next decade.

'Rent-a-Rolls' scheme for Japan

BY YOKO SHIBATA IN TOKYO

ROLLS-ROYCE Silver Shadows will be available for rental for the first time in Japan from February 19 at the newly established Tokyo company Rolls-Royce Rent-a-Lease.

A private real estate company Hayashida Kusan has bought five new Silver Shadows costing ¥20m each (or about \$30,000) through a Japanese importer Cornea and Co. A Silver Shadow will be available for a rental charge of ¥50,500 including a basic rental charge of ¥50,000 per half day (¥125 up to 200 kilometres and ¥9,500 for insurance. An ordinary Japanese car rental costs ¥13,000 for half a day.

The company has calculated the rental rate on the premise that the price of the cars will be recouped in five years time, at an operating rate of 50 per cent.

Despite the large investment, including ¥100m for purchasing the five Rolls-Royce cars and another ¥50m for maintenance of the cars, the company considers the venture profitable because it gains value in Japan over the years.

Mr. Kumiichi Hayashida, president of the rent-a-car company, himself a Silver Shadow owner for the last three years said "because it is a rare car in Japan (only 400 vehicles) Rolls-Royce always draws attention and envy which satisfies the driver's vanity. Only people such as this will rent such a car."

Meanwhile, a survey by Toyota Motor Sales shows that sales of imported vehicles, mostly passenger cars, in Japan in 1978 rose 20 per cent to a record 50,374 from 41,521 in 1977, based on new car registration statistics, Reuter reports.

The 1978 sales comprised 15,213 American cars, down 2.5 per cent from a year before, and 35,161 European cars, up 34.1 per cent.

Factors behind the rise included the elimination of tariffs on imported cars last March, the yen's sharp appreciation against the U.S. dollar, and the Japanese car dealers' decision to abandon their high-margin, low-volume sales policy, Toyota said.

It added that the sales of British and French vehicles in 1978 rose 121 per cent and 103 per cent from a year earlier to 2,107 and 1,360 respectively. This sizeable growth is attributed in part to the efforts made by British Leyland and Citroen to reinforce their sales networks in Japan.

Scotland Yard forbade detailed reporting of the arms display. However, exhibits ranged from bullet-proof vests to missiles and advanced aircraft.

In the first edition of the magazine of the Islamic Institute of Defence Technology, the estimated defence spending in the 1978-79 budget of 42 listed Moslem countries, amounted to \$36,367 (\$1801), of which Saudi Arabia, Iran, Egypt, Nigeria, Turkey, Indonesia, Syria, Iraq and Pakistan accounted for about 90 per cent.

No less than 10 Swedish companies were represented, and Ferranti was the best-known British company there.

Islamic defence conference opens

BY ANTHONY McDERMOTT

THE OPENING yesterday of the first Islamic defence conference at the Heathrow Hotel, London, attracted a strong interest in military sales. A total of 19 companies from Europe to the U.S. and South Korea are represented at an arms exhibition accompanying the conference, which ends on Friday.

The conference, at which 17 Islamic countries (notably not Iran) were represented, was opened by Mr. Saleem Azzem, the Saudi president of the Islamic Institute of Defence Technology, set up last year.

His speech was followed by a message from General Zia ul Haq, the Pakistani President, which was unable to attend

because of "some pressing commitments at home."

This was followed by a speech by Dr. Necmettin Erbakan, a former Deputy Prime Minister of Turkey and leader of the Islamically oriented National Salvation Party.

Constant themes in the speeches were that there should be greater Western understanding of Islam and the recent Islamic resurgence; that there was no need for apprehension at this revival; that there should be closer co-operation between the Moslem world and the West, especially in the field of advanced technology, and that Islamic countries needed strong defences to preserve social stability.

Some ASEAN airlines might benefit from such an arrangement. At the same time, unless the ASEAN nations can agree a common policy with the Australians they will all lose tourist traffic growth because of the Australian tourist preference for multi-destination tours of South East Asia.

ASEAN is likely to maintain its superficial unity on the aviation issue. It has invested too much of its own credibility not to do so. But it is on the defensive.

The emphasis now in international civil aviation is on low cost, high volume end-to-end traffic. It is a trend that is being accelerated by the appearance of very long haul aircraft.

Aviation centre

Singapore is not going to be bypassed completely. Airlines still have to refuel somewhere. Facilities in Singapore are excellent and will be better still when the new Changi Airport opens in two years' time.

Bangkok is anxious to win back some lost ground as a regional aviation centre, especially as aircraft are once again overly indochina. But it has its drawbacks, including peak-time overcrowding.

But the Laker revolution as modified by national carrier protectionism is altering the fundamentals, it is eroding the easy growth conditions the South East Asian airlines have enjoyed in recent years on intercontinental routes.

If they are to continue to grow as rapidly as in the past, they may need to concentrate more attention on their own backyards where "Lakerism" is badly needed. Australia and the other East Asia region have one aviation characteristic in common—inordinately expensive local fares.

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U.S. considers oil swap

BY DAVID LASCELLES IN NEW YORK

THE DEPARTMENT of Energy may ask Congress to approve exports of Alaskan oil to Japan, under a complicated swap arrangement with Mexico, to drain the oil surplus on the U.S. West Coast. The department is still cautious about the plan, and will say only that Alaskan oil exports are "under review."

The law on oil exports is strict and all shipments must receive Congressional approval, generally refused because of the U.S. oil deficit. Thus Alaskan oil, now produced at a rate of 1.2m barrels a day, must be consumed domestically, even though there is no proper distribution system.

Under the department's plan, some Alaskan oil would be shipped to Japan in return for

a like amount of Mexican oil exports to Japan being shipped to the U.S. Apart from saving both the U.S. and Japan thousands of miles in transport costs, this would rationalise the flow of energy from supplier to consumer, along the lines of the gas swap agreement involving Iran, the Soviet Union and West Europe.

But the proposal would have to clear several hurdles. Congress has been hostile to exporting U.S. oil when the U.S. imports nearly half its total consumption. However, the department believes Congress is now less opposed than it was 18 months ago.

Mr. James Schlesinger, the Energy Secretary, said during testimony to the Senate Energy Committee last month: "We have tried to soften Congressional resistance to such swap arrangements," and several Senators indicated that they were more favourably disposed towards the idea.

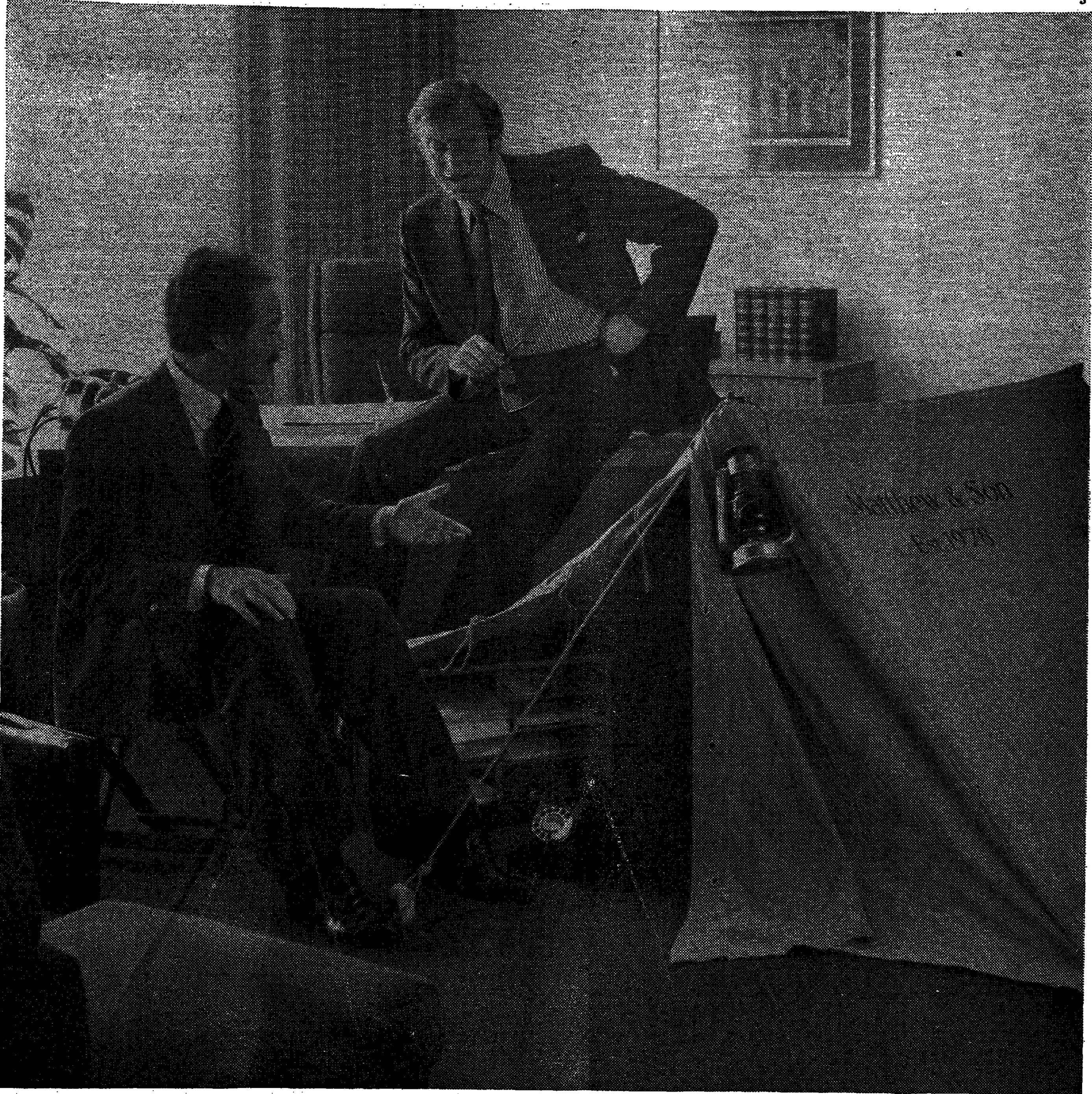
Of the two pieces of legislation which restrict Alaskan oil exports, one, an amendment to the Export Administration Act, will expire in June, providing

an opportunity for a new debate on controls. If the plan were to go ahead, it would raise questions about its effect on British Petroleum's majority-owned subsidiary Sohio, which is the major Alaskan producer.

Sohio is seeking approval for a pipeline from Long Beach, California, to New Mexico, to carry its oil east and avoid the costly Panama route. This would presumably be affected if the oil was re-allocated to Japan. However, the department's proposal may specify that only oil in excess of present production should be exported, meaning that Sohio's plans would not be hit.

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Just ask him.



UK NEWS

New oil hope in North Sea find

By Kevin Done, Energy Correspondent

PHILLIPS PETROLEUM has boosted the prospects for the commercial development of its Tonia/Thelma oil find in the North Sea with encouraging results from the latest appraisal well.

The well, the seventh to be drilled on block 16/17, close to the median line with the Norwegian sector, flowed 3,012 barrels of oil a day in one test along with 5,28m cubic feet of gas.

The results were less conclusive than had been hoped, however, because later tests had to be abandoned due to a lack of vital safety equipment. Hydrogen sulphide gas was present as well as natural gas and crude oil when a higher rock stratum was tested, but the drilling rig, Pacesetter One, lacked the equipment to test the find safely.

Block 16/17 is proving to be one of the more geologically complex areas of the North Sea and Phillips has decided to press straight on with a further appraisal well, the eighth on the Tonia/Thelma find.

The seventh well was drilled to a depth of 14,970 feet.

The crude oil was tested in the Middle Jurassic rock stratum, the same zone that produced oil from tests in the fifth and sixth wells, which flowed at 4,000 and 2,957 barrels of crude oil a day and 20m and 12.5m cubic feet of gas a day. The rig ran into difficulties on the latest well when it tried to test the shallower primary Upper Jurassic stratum. This was the level which produced highly promising flows from the earlier Tonia and Thelma wells of 16,100 and 10,000 barrels of oil a day.

Hydrocarbons were produced at this level too in the latest well, but the presence of the hydrogen sulphide ruled out more conclusive testing.

Phillips, with a 35 per cent interest in the block, is operator for a group that includes Petrofina, 30 per cent, Agip, 17.88 per cent, Century Power and Light, 8.6 per cent and Oil Exploration (Holdings) 8.52 per cent.

Inmos offered nearly 100 sites for factory

BY MAX WILKINSON

NEARLY 100 local government bodies are competing to offer sites for the first UK factory of Inmos, the National Enterprise Board's micro-electronics subsidiary.

Local councils and regional development organisations are vying to produce a combination of attractive sites, financial inducements and political pressure. The prize is 1,000 jobs, which the factory is expected to create when it starts production in two-and-a-half years' time.

The company expects to be offered a choice of 150 possible sites in about 100 separate submissions. Interest and political feeling have been running so high that Inmos has been obliged to extend the deadline for receipt of submissions. The closing date set by its consultants, PA International, was originally February 10, but it has been extended by "up to two weeks."

Inmos was established by the NEB last year to mass-produce electronic micro-circuits for the international market. It is expected to concentrate in its earliest phase on high density

components for computer memories and on micro-computers. In the longer term the company says it hopes to provide 4,000 jobs in four factories in the UK. The funding of Inmos is expected to reach a peak of £50m.

The latest submission is from Tyne and Wear County Council and the five metropolitan district councils in the area. The 200-page submission offers eight possible sites which are all said to be "tailored to the requirements of Inmos."

Tyne and Wear is also offering what it describes as a unique financial inducement, which could give Inmos a subsidy of about £5m, or about 30 per cent of the cost of setting up the factory. The Tyne and Wear Act, 1976, allows the council to offer a factory rent-free for up to five years, with rate and interest relief and subsidies for land acquisition.

Mr. Michael Campbell, chairman of the council, says the submission makes an "irrefutable case for Inmos to locate its production units in this county."

Mr. Brian Stevens, Inmos's administration manager, however, took a cautious line yesterday on the selection. He said the 150 possible sites would have to be reduced to 10 or 20 for closer analysis. He expected a final choice between May and June.

The great interest shown in Inmos by local councils is in some ways surprising, because semi-conductor plants are highly automated and provide relatively few jobs for unskilled labour. The crucial requirement of Inmos will be for highly skilled scientists, technicians, and computer operators.

Such experts are in short supply in both the UK and the U.S. Inmos will therefore need to locate its plant in an area attractive to well qualified graduate scientists.

It has already announced that its UK headquarters and technology centre will be in Bristol. A site near Bristol for its first production unit would, therefore, be convenient.

The company's pilot production will start in Colorado, U.S., in about 18 months. Mass production will then be transferred to the UK.

Second mortgage business for UDT

By Michael Lafferty, Banking Correspondent

THE Independent finance house, United Dominions Trust, which is still receiving support from the Bank of England's "lifeboat" fund, is entering the second mortgage business.

UDT will now lend amounts of up to £10,000 for genuine home improvements and repayments can be spread over a period of up to ten years. Loan interest will be charged on a monthly basis against the reducing balance on the loan account. The initial rates will be 1.8 per cent per month for secured loans—giving an annual rate of almost 24 per cent—and 2 per cent per month for unsecured loans.

One of the features of the package, which is called the UDT Loan Account, is a guarantee that interest rates will not go higher for the first year of any loan. In addition, should a borrower die during the period of the loan, UDT will cancel the outstanding balance under a life assurance scheme.

The more comes shortly after another leading independent finance house, Lloyds and Scottish, entered the second mortgage business as a result of its purchase of Cedar Holdings.

UDT said yesterday that after reappraising the market it had decided that second mortgages was "a good business in which they should be involved."

New effort to save Kirkby

By Our Industrial Editor

A NEW attempt to save the Kirkby Manufacturing and Engineering workers' co-operative from closure is to be tried after a meeting yesterday between the co-operative's leaders and Mr. Alan Williams, Minister of State for Industry.

The Government last week rejected a request for up to £6m in loans and grants to maintain the co-operative's central heating radiator and other production.

The co-operative's leaders are considering submitting a financial application based on financial help from the private sector as well as the Government. The aim would be to preserve the co-operative structure.

'Silver bankers' petition hearing date

EVIDENCE in the Department of Trade's petition for compulsory winding up of "silver bankers" Kendal and Dent is expected to be completed in time for a full hearing on February 26, the High Court heard yesterday.

The petition was first before the court on January 22. Its allegations, including insolvency, were all denied by the company.

Last week, applications by the company for the discharge of the Official Receiver as provisional liquidator and for leave to resume trading, pending the hearing of the petition, were adjourned until next Monday for further evidence.

Steel users want BSC to shut high-cost plants

BY ROY HODSON

THE GOVERNMENT'S handling of the nationalised sector of the steel industry has been strongly criticised by steel users. Their statement will be delivered to the National Economic Development Council's industrial strategy meeting, chaired by the Prime Minister, tomorrow.

The British Steel Corporation is finalising further plans for closing unwanted steel plants among its group of high-cost works—Bilston, Consett, Corby and Shotton—and may announce proposed cuts in the next few days.

But the steel industry's customers fear that the cuts will be diluted by fierce union opposition to job losses within the corporation.

The cabinet is not prepared to assume direct responsibility for shedding thousands more steel jobs by having the Department of Industry take control of a new steel closures programme.

Although 17,000 steelmaking jobs have been shed within the past year, the Government has so far avoided industrial trouble by having BSC agree all closures with the unions at plant level.

Companies representing about half of Britain's steel-using industries are now claiming that the BSC would have no difficulty in increasing its market share at home and

abroad if it concentrated production at its most modern plants and closed old works.

Sir Richard Marsh, chairman of the British Iron and Steel Consumers' Council—which includes the motor manufacturers, the civil engineering companies, the car-makers, the forgers, and the process plant manufacturers—introduces a closely-reasoned argument for rationalising British Steel.

The Government has been told: "BSC's undoubted potential must not be wasted as a result of the maintenance of outdated attitudes and the preservation of old, high-cost facilities, to the long-term damage not only of the steel industry but also of its customers and the economy as a whole."

Problems

After production problems a few years ago, the BSC has been left with slightly less than 55 per cent of the home steel market. A number of the bigger steel-using industries insist upon maintaining "second source" suppliers from the Continent as an insurance.

The steel users accompany their new analysis with a warning to the Government that unless the competitiveness of British Steel is increased their businesses will be weakened and the whole UK economy will

suffer. They claim to employ 20 times more workers than the BSC.

Their criticisms include: ● All EEC countries, except Italy, have cut their steel industry manpower by more than Britain since the onset of the steel crisis in 1975.

● Britain is the only EEC country in which labour productivity in the steel industry declined between 1976 and 1978

● British steel industry hourly labour costs are the lowest in the EEC but, over a wide range of products, BSC's prices are among the highest in the Community in the highest in the Community.

● Continuing labour disputes, and the threat of them, discourage steel-using industries from placing greater reliance upon UK sources.

● The consistency of quality in some BSC goods—notably strip mill products—is still below that consumers can obtain from overseas suppliers.

● British Steel does not have the facilities to supply the quantities of steel that consumers need in some products such as heavy plate.

The industries represented on the British Iron and Steel Consumers' Council want the new Government industrial strategy to take into account their argument that the nationalised steel sector's potential must not be wasted as a result of outdated attitudes and the preservation of old, high-cost facilities.

Groups welcome Belvoir inquiry

BY JOHN LLOYD

ENVIRONMENTAL groups in the Vale of Belvoir, where the National Coal Board plans a £500m mining complex for the late 1980s, have welcomed the announcement of a planning inquiry, and the choice of its chairman, Mr. Michael Mann, QC.

The groups say that Mr. Mann would be sympathetic to the "topic by topic" approach—

where each issue thrown up by the development is dealt with in sequence which has been adopted for the inquiry.

It is likely that the groups, who have retained legal representation and expert advice, will want to add to the list of topics at the pre-inquiry meeting, planned for late April.

However, they are pressing for the inquiry to be held at

one site in the Vale rather than, as is presently planned, at a variety of sites, including possibly Nottingham and Leicester.

The groups say that the village of Hove, which is in the centre of the planned development, has adequate facilities for the inquiry, and that its choice as a site "is only fair to all the locally affected people and the authorities involved."

P and O ship sales cost 150 jobs

BY LYNTON McLAIN

OVER 150 officers and shore staff were made redundant by the Peninsular and Oriental Steam Navigation Company last year as a direct result of the sale of ships.

P and O sold seven of its 20 general cargo ships last year. Total sales, including the sale

of the 29,871 gross registered tons cruise ship Arcadia for scrap, raised at least £25m.

A further 90 jobs were lost through natural wastage. There may be more sales of uneconomic ships this year, but 1978 was regarded as a peak

12,000 deadweight tons, were over 18 years old and had reached the end of their economic life within P and O.

The new container ships entering service with shipping lines are between three and four times as efficient as older general cargo vessels.

Shops spending more buoyant than expected

FINANCIAL TIMES REPORTER

SPENDING IN shops was even more buoyant in December than estimated provisionally by the Trade Department.

Final figures show that trade increased by 3 per cent between November and December, instead of the 2.8 per cent rise estimated provisionally. The largest increases were in the clothing and footwear sector, where volume was up almost 10 per cent. The sales of durable goods were ahead by 4 per cent after having dropped steadily since the summer.

Figures from the department yesterday, showed that the final index of volume of retail trade in December stood at 113.8 (1971=100).

The December figures appear to have been influenced by the tax-free bonus for pensioners and the back-dated reduction in income tax.

In the fourth quarter of 1978, the volume of retail sales was 1 per cent higher than in the previous quarter. The average level of trade during the year as a whole was about 54 per cent above the annual average for 1977.

Indications that growth is slowing down or levelling off come in the monthly figures for hire purchase and instalment credit, also released by the department yesterday. Lending by finance houses was lower in December than in recent months, while lending by retailers is back at October levels.

Finance houses and retailers advanced £49m of new instalment credit in December after allowing for seasonal factors. Total advances in the fourth quarter of 1978 were about the same as in the third quarter. Lending by finance houses increased by 3 per cent between the two quarters. Lending by retailers decreased by 3 per cent.

HIRE PURCHASE CREDIT AND RETAIL SALES

	New credit extended by		Retail Volume (revised)	
	Finance Houses	Retailers	Total outstanding (unadjusted)	Durable goods shops (1970=100)
1976 1st	4m	493	2,349	105.9
2nd	382	490	2,424	106.7
3rd	392	521	2,516	107.2
4th	421	547	2,716	106.1
1977 1st	457	550	2,792	103.3
2nd	486	541	2,930	102.4
3rd	544	605	3,108	104.2
4th	585	604	3,341	104.7
1978 1st	630	633	3,507	106.4
2nd	722	676	3,797	107.9
3rd	705	724	4,030	110.7
4th	726	699	4,300	111.7
August	253	240	3,953	111.7
September	238	240	4,030	109.6
October	243	227	4,109	110.2
November	263	242	4,238	110.5
December	220	229	4,300	113.8

Faience figure of priest brings £11,500

BY ANTONY THORNCROFT



A STRASBOURG faience figure of l'Abbe de Cour (pictured above) made around 1746, brought £11,500 at Christie's yesterday in a sale of Continental pottery and Italian maiolica which totalled £78,998. Seemingly the only known figure of l'Abbe in existence, it was bought by a Continental collector.

At Sotheby's, Mrs. Elizabeth Bligh's own first edition of her husband's account of the Mutiny on the Bounty fetched £1,100.

Top price in the book sale was the £16,000 from a Swiss buyer for Lory's Souvenirs de la Suisse, published in 1829 with 28 hand-coloured prints. A second folio of Shakespeare, of 1632, made £4,500. At Christie's South Kensington silver sold for £13,167.

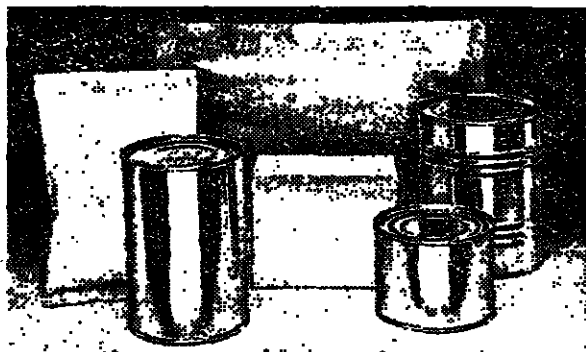
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Standards 'will make playgrounds safer'

BY JAMES McDONALD

THE BRITISH Standards Institution has published two new standards for the safety of playground equipment.

The standards make general recommendations for installation and give remedies for particular playground hazards.

The BSI yesterday explained the problems: "The most foolproof design will be a failure if it has no play appeal." Yet successful playground favourites, which provide comparatively harmless adventure, may present unacceptable dangers without proper siting, supervision and maintenance.

Parts two and three of the standard are now published but Part one—dealing with performance requirements—depends upon completion of a research programme and will be published later.

Part two establishes broad principles for cutting potential hazards and deals with materials and components. It also limits the possible free fall height from any piece of apparatus to 8 ft.

This decision has already affected designs by manufacturers wishing to keep in line with the standard.

Swings present such obvious hazards that until now the only foolproof precaution has been total enclosure and supervision of the swinging area.

The BSI said: "Perhaps the commonest causes of falls are children running into the path of moving swings and falling (or being pushed) from slides. To alleviate this it is recommended that swings should be sited on the perimeters of playgrounds and be enclosed by safety barriers. Wherever possible, slides should be of the embankment type."

Manufacturers of playground equipment—following a circular in October from the Environment Department—had already indicated that they wished to co-operate, the institution announced. The Environment Department said that the Government gave aid to many local authorities for playgrounds.

The new standard is not retroactive. But it provides a check list for daily visual inspection.

"BS 5696," BSI Sales Department, 101, Pentonville Road, London, N1, Part 2—£6.40; Part 3—£2.70.

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Agent



House starts likely to reach five-year low

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of private houses started this year is likely to be the lowest for five years, according to the House-Builders' Federation.

Mr. Donald Moody, president of the federation, said in London yesterday that matters looked serious and predicted that the number of private house starts this year would be as much as 15 per cent below the 1978 figure, about 130,000 compared with an estimate of 150,000.

He pointed out that last year's government review of housing policy projected an annual rate of about 170,000 by the end of this decade.

The federation attributes the difficulty chiefly to constraints

on mortgages and the acquisition of building land.

Mr. Moody said that building societies were unlikely to lend the £200m a month agreed with the Government as the first-quarter target this year. Lending could be expected to remain at around £50 a month, leading to as many as 20,000 fewer mortgages for new houses than last year.

He emphasised that builders' confidence about sales prospects had weakened during most of last year, while leading restrictions were in force and said that even if societies recovered later this year that would be too late to affect the new house-building rate.

He criticised the joint

advisory committee — the monthly forum of the building societies and the Government — for failing to establish stable mortgage finance. For much of last year, he said, societies had been forced to lend for non-house purchase activities because of the ceiling on mortgage advances. Had the money been held in reserve, he added, it could have been helping to clear accumulated demand.

Mr. Moody suggested that the advisory committee had not kept down prices and said that its interference in the housing market would create rather than resolve difficulties. He said he would be pressing for federation membership of the committee so that the industry could join discussions which were central to its prospects.

Mr. Moody said he was concerned about the building societies' ability to continue to attract the money required for lending over the next few years. That point must be debated and resolved if house builders were to have any confidence about longer-term prospects.

But land availability remained the most serious long-term consideration. The Community Land Act, he said, had "failed utterly" to contribute to the supply of housing land.

Welsh agency takes a £2m stake in gelatin group

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH Development Agency has taken a £2m stake in P. Leiner and Sons, of Treforest, mid Glamorgan, one of the world's leading manufacturers of gelatin, to help to finance the company's capital spending programme and to assist its expansion.

The £2m, the agency's biggest single investment so far, is in the form of a £1m, or 22 per cent, ordinary share holding in the company and a £1m in redeemable cumulative preference shares.

Competitiveness

Announcing the investment, Mr. Ian Gray, the agency's managing director, said: "The Leiner group has embarked on a major programme of capital expenditure to maintain its competitiveness in its highly specialised field and to consolidate its position among the world's top three gelatin manufacturers."

Leiner moved to Wales in 1937 as one of the first tenants on the Treforest industrial

estate. It occupies a 24-acre factory complex, employing more than 500 people.

Leiner gelatins are widely used in the pharmaceutical, food and photographic industries and the company exports its products to more than 50 countries.

The development agency's investment is in Leiner's gelatin manufacturing activities in which the group has invested £5m over the past five years. It also produces at Treforest soft-shell gelatin capsules for the pharmaceutical, health food and cosmetics industries. Leiner's engineering company makes encapsulating machinery which is sold throughout the world. The agency is at an advanced stage of discussion with the group to provide new modern facilities for producing soft-shell capsules.

The funding arrangement with Leiner enlarges to £13m the agency's investments in manufacturing companies and business enterprises in Wales. It has invested in 150 businesses. Previously its largest single investment was £1m in John Williams of Cardiff Ltd., steel group.

Assembly will 'bring new unity'

By Robin Reeves

AN ELECTED Welsh assembly will improve the government of Wales and strengthen the unity of the UK, according to Mr. Elystan Morgan, chairman of the Wales for the Assembly Campaign.

In a study paper entitled "Towards a New Unity", Mr. Morgan argues that the burden carried by the Commons is almost intolerable.

Public spending plans worth millions of pounds are pushed through the House of Commons without scrutiny. Many legislative reforms for which there is unanimous support are blocked for lack of time. Only one EEC proposal in seven is examined by Parliament's scrutiny committees.

Moreover, the Government of Wales suffers because of lack of time, Mr. Morgan claims. During the 1977-78 Parliamentary session, Welsh MPs had only eight chances to question the Secretary of State for Wales — three hours 20 minutes of parliamentary time.

"The transfer of responsibilities from Westminster, and the Welsh Office, to the assembly will help reduce the congestion at Westminster and release Welsh MPs to play a fuller part in Parliament, protecting Welsh interests and contributing to the better government of Britain," he said.

Eastern equity funds do best

BY ERIC SHORT

EQUITY FUNDS invested in Japan and the Far East fared best among the pooled pension funds in 1978, according to the latest survey published by Harris Graham and Partners, pension consultants.

The top spot went to the Anglo-Nippon fund, managed by the Foreign and Colonial Group with a rise of 94 per cent, with the Japan Exempt Fund, managed by Edinburgh Fund Managers, second, with an increase of 65 per cent. In contrast U.S. funds performed poorly, with London North American, managed by Drayton Montagu, showing a loss of 6.5 per cent.

Equity fund managers, in general, did better last year than the FT-Actuaries All Share Index. The average rise amounted to 10.4 per cent against 8.5 per cent for the index. In all, 37 funds out of 55 did better than the index.

The most consistent in 1978 were the property funds, where the average growth was 30 per cent.

In contrast, fixed interest funds gave a very dull performance last year, with an average decline of 0.6 per cent.

But pension fund investment performance depends very much on reaching the optimum split between the three investment media — equities, property and fixed interest.

PENSION FUND PERFORMANCE 1978			
Equity Funds		% change	Fixed-interest Funds
Top—	F & C Anglo-Nippon	+93.7	Top—Confer. Life Fixed
Average	Bottom—London N. Amer.	+10.4	Average
Bottom—	FT-All Share	-6.5	Bottom—
			London Fixed Interest
			FT-All Stocks Gilts
			Mixed Funds
Top—	Abbottstone Agric.	+37.3	Top—Confer. Life Mixed
Average	Bottom—	+20.1	Average
Bottom—	L & G Prop. Units	+9.9	Bottom—
	Nat. Av. Earnings	+15%	Lloyds Bank Exempt
			Retail Price Index

Home buyers pay bigger deposits for mortgages

HOUSE BUYERS are continuing to put down a greater proportion of the purchase price as a deposit, according to Government figures released yesterday.

The Department of the Environment calculates that in the last quarter of 1978, the average mortgage advance — at £10,920 — represented only 60.5 per cent of the average house price, compared with 62 per cent in the third quarter, and 67 per cent a year earlier.

The average price of all homes on which new mortgages were approved in the last quarter of 1978 was about £18,050, a 7 per cent increase over the previous three months and 26 per cent up on the same period of 1977.

For new homes, the average price at the end of 1978 was £19,550, while for secondhand properties it was £17,770.

Yorkshire, Humberside job prospects 'uncertain'

BY OUR SHEFFIELD CORRESPONDENT

GLOOMY POINTERS to the economic future of Yorkshire and Humberside emerged yesterday in the annual report of the region's economic planning council.

Employment prospects, says the report, look uncertain; there is unease at the likely impact of microprocessors; and there is still a shortage of skilled workers.

The report does, however, leave some of the gloom with "qualified optimism" over infrastructure improvement, but the overall tone is cautious that the council has announced two special working parties to look at new jobs and technology, and the skill shortage.

The region's economic performance, says the report, over the past few years has been "little better or no worse" than the national average. But problems, ranging from declining industries with excess capacity, to "shortcomings" in housing, health and social

services, remain.

Individual problems in the four counties that make up the region range from environmental difficulties in West Yorkshire to the need for Government help for South Yorkshire's steelmakers facing intense import competition.

The planning council's chairman, Mr. Bernard Cotton, also urged an end to the controversy over the Humber Bridge, now due to open in 1980. "The time for pessimism is over," he said.

His council had asked the Government to set toll charges which would encourage traffic to use the bridge. It had not, however, asked for the bridge debt to be written off.

The three major priorities of the planning council remained unchanged, he said. Industrial investment had to be encouraged, the vital communications network of motorway should be completed and the focus on environmental problems continued.

Humber Bridge costs up

BY OUR HULL CORRESPONDENT

THE COST of the Humber Bridge has increased by almost £3m to £82.2m at prices ruling at the end of November last year the bridge board was told yesterday.

Mr. Alex Clarke, the board's chairman, said the increase was wholly due to inflation since the last cost estimate a year ago.

The estimated completion date is now March next year, six months later than previously estimated.

Mr. Clarke said the delay was due to the bad weather and low

productivity, although this was now improving.

The bridge is now more than two years behind the original schedule when the cost was estimated to be £77m.

The board is also to review its proposed tolls in the light of the increased costs.

Mr. Clarke said that about £1m was still being withheld from British Bridge Builders by Freeman Fox and Partners, the board's consultants, who had not certificated certain work owing to the low level of productivity.

British Steel workers paid £25,700 for deafness

TEN WORKERS who claimed they suffered noise-induced deafness while working at British Steel's Corby works were awarded £25,700 agreed damages in the London High Court yesterday.

Mr. Peter Weitzman, QC, for the workers, told Mr. Justice Caulfield all their actions had been settled — two of them at the last moment.

The judge said that in each case, judgment would be entered against British Steel and Stewarts and Lloyds, now part of the British Steel Corporation. Both had denied liability.

Among those awarded damages were: Mr. James McGrath, of Cranley Gardens, Corby, £3,000; Mr. Geoffrey Howlett, of Whitworth Avenue, Corby, £3,000; Mr. Tadeusz Czernuska, of Studfall Avenue, Corby, £2,000; Mr. William Moore, of Weldon, Corby, £2,500; Mr. Frederick Howlett, of Coniston Road, Kettering, £4,000; Mr. George Tiplady, of Severn Way, Kettering, £3,000; Mr. Thomas Brooks, of Derwent Walk, Corby, £1,250 and Mr. Ivor Davies, of Cornwall Road, Kettering, £2,000.

All eight men are wagon builders.

Mr. James Walker, a blacksmith, of Stavanger Close, Corby, was awarded £2,250, and Mr. Cyril Nash, a blacksmith's striker, of Bracken Close, Kettering, won £2,700.

In their writs, the men had claimed damages for personal injuries, physical harm and expenses.

Lorry strike impact yet to be felt, says CBI

THE FULL effects of the lorry drivers' strike on British industry are still to be felt, said Sir John Methven, director general of the Confederation of British Industry yesterday.

Speaking in Edinburgh, he said it would be March or April before the impact of the blockade on ports and factories was felt by many companies.

The country would continue to be held to ransom by small groups of militants, he said, until the moderates were prepared to speak out.

"We have seen a situation where three people can blockade a factory and six people can blockade a port."

Because of high wage settlements in the Ford, tanker drivers' and lorry drivers' disputes, the rate of inflation was expected to move back into double figures.

The main responsibility for this lay with Moss Evans Transport and General Workers' Union.

"I regard as disastrous what they are doing when so many other unions have struggled to get inflation down to 8 per cent," said Sir John.

There needed to be a "cool, determined review" of how far trade unions were within the law.

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MONEY

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first Prestel sets in customers' homes.

And even at this early stage, there are thousands of pages of information available to Prestel subscribers.

It's a sign of the way television is moving from being a simple means of entertainment to a much more complex domestic information medium.

Ceefax and Oracle, for instance, the BBC and ITV information banks, are now plugged in to a great many Radio Rentals homes.

We already rent home video recorders, which, together with Ceefax and Oracle, are ready and waiting for any of our customers who want to make use of them.

So if you are thinking of investing your own hard-earned cash in a new television set, pause a moment.

Because you could well find that next year, your brand-new set seems a lot more than 12 months old.

We have a view to the future.

UK NEWS

LABOUR

Road freight subsidiary's £2.6m. profit

BY LYNTON McLAIN

NATIONAL CARRIERS, the road freight subsidiary of the National Freight Corporation, made a trading profit of £2.6m last year, which gave the company its first net profit, £30,000, since it was formed 10 years ago.

The company lost £20m in the first year of trading after it was formed from the sundries division of British Rail. It made its first trading profit, £212,000, in 1977 before a net loss of £3.7m and the improvement had continued.

Two factors had contributed to the marked improvement in the company's fortunes. Mr. Brian Hayward, managing director of National Carriers, said in London yesterday. The 1978 Transport Act had relieved it of some of the charges it had acquired from its association with British Rail.

Turnover had risen by £11m to almost £100m last year. Much of the increased revenue had come from National Carriers' increasingly profitable specialised transport services, including the Fashionflow company, which contributed a £750,000 trading profit carrying clothes for Marks and Spencer.

A large part of the earlier losses was attributed to historical debt, overvaluation of assets since the company's formation, and other costs arising from its origins as part of British Rail.

Last year's Transport Act enabled the Transport Department to write down the asset value of the parent National Freight Corporation by £53.1m. This included all the capital debt attributable to Freightliners and all but £5m attributable to National Carriers.

The company's Chinaflow specialised china transport company made a small profit for the first time, but Homeward, a company set up to handle mail-order house deliveries, had a difficult year, operating with costs a lot higher than expected.

National Carriers' parcels delivery services, which accounted for 48 per cent of the group turnover, again failed to make a profit. The company, he added, had no intention of getting out of parcel distribution, although it had halved, to 100, the number of regional depots operating general distribution services.



Another woman for the London Stock Exchange... Mrs. Margaret Thatcher, the Conservative Party leader, visiting the exchange's trading floor yesterday after lunching with Mr. Nicholas Goodison, chairman of the exchange.

Clydesdale leaflet sparks row

By Ray Perman, Scottish Correspondent

THE CLYDESDALE BANK, Scottish subsidiary of the Midland, denied yesterday that it had taken sides in the devolution referendum by sending an anti-assembly leaflet to its managers.

About 450 copies of the leaflet, produced by Scotland Says No, the main anti-devolution umbrella group, have been sent to branch and departmental managers with a covering memorandum saying that it is for information only and that the bank is not making any recommendation on the political arguments.

Mr. Ian Hoy, secretary of the Yes For Scotland campaign, said: "I am not convinced by the Clydesdale's argument. I think it was just a way of getting the No publicity across. But I intend to write to the chairman of the bank asking him how many Yes leaflets he requires."

The bank said: "We send out various items which we think are important to our managers, for their information. We were approached and asked if we would send out copies of this leaflet and we thought it was important for them to see the arguments."

"We would have sent out leaflets from the Yes organisation had they been available."

Guidelines revised on Arab boycott

BY MAURICE SAMUELSON

THE TRADE Department will shortly publish revised guidelines on Middle East trade reflecting disapproval of the Arab boycott. The document will also explain that the boycott does not rule out all trade with Israel, as some British companies appear to believe.

As well as disapproving of boycotts lacking "international authority," the Department is expected to criticise the process by which companies submit to the boycott. This involves filling in questionnaires for the Central Boycott Office in Damascus and signing contracts with special boycott clauses.

The Department already issues a notice aimed at removing "unnecessary anxieties" of UK companies and offering confidential advice. The stronger wording, promised in last week's Lords debate on the boycott, aims to meet the proposals of the select committee report on the Foreign Boycotts Bill. These

were intended as an alternative to legislation which the committee decided was impractical.

The British Bank of the Middle East confirmed yesterday that it circulates a list of about 70 insurance companies on the Arab blacklist, including Pearl and Phoenix assurance companies.

The list, supplied by the bank's Abu Dhabi branch, is sent to exporters wishing to insure goods bound for the country. Its existence became known when the U.S. parent company of a Reading electronics concern reported a boycott request to the U.S. Commerce Department.

Reporting of boycott applications became compulsory under the Export Administration Act's 1977 amendment. About 40,000 such requests a year are being reported and are closely monitored by the American Jewish Congress.

Merchant bankers seek tax relief

BY MICHAEL LAFFERTY

LONDON'S leading merchant banks want the Government to introduce a tax relief scheme for financial institutions similar to the stock relief scheme for industrial companies.

The merchant banks' request has come in a submission from the Accepting Houses Committee to the Treasury and the Inland Revenue. Their case is that inflation erodes their capital base and imposes strains on their ability to keep up with demands for higher lending.

The accepting houses have been working on the submission for the past 18 months. Similar requests for tax relief have been made in recent years by the clearing banks. But where the clearing banks have been able to resort to rights issues to maintain capital adequacy, this has not generally been possible for the merchant banks because of their depressed share prices.

A clearing bank representative said yesterday discussions were still taking place with the Inland Revenue.

But the banking community is not optimistic about obtaining a major tax concession now when clearing bank profits appear to be rising substantially. One possibility, however, is that the clearers may seek to strike a bargain with the Government by offering, for example, to set up a guarantee fund for small businesses in return for tax relief on capital erosion.

Directors' convention

THE INSTITUTE of Directors' annual convention will be held at the Royal Albert Hall, London, on Tuesday, March 20. Speakers will include Mr. John Diebold, Sir James Goldsmith, General Alexander Haig, Sir Frank McFadden, Sir Bernard Miles and Mr. Norman St. John-Stevens, MP.

Attempt to avert Civil Service walk-out today

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions meet Lord Peart, the Lord Privy Seal, this morning in an attempt to stave off a national strike and other industrial action over pay by their 285,000 members.

The Civil and Public Services Association and the Society of Civil and Public Servants, the two biggest unions yesterday formally announced that their members would be called out on a national one-day strike on February 23 if the Government did not agree to implement the findings of an independent comparability study in full.

All overtime will be banned and groups of members in key installations, including defence, VAT, customs and computer establishments, will take selective strike action from the start of the late shift on February 23, with non-shift workers being selectively called out the day after.

While the Civil Service Department has threatened that employees who take part in action will have their pay and sick leave entitlement cut and their holiday requests refused, the unions maintain the warning has simply hardened their resolve.

The latest union evaluations of the reports from the Pay Research Unit increase their estimations of the sort of rises the comparability studies maintained would see civil servants in line with similar jobs in industry.

The current figures have moved from the 15-20 per cent originally thought necessary for CPSA members, mainly in the

clerical grades, to between 20-26 per cent for clerical assistants and 25-33 per cent for clerical officers.

The society has estimated its members would need rises of 25-30 per cent but the estimate now, based like the CPSA's new findings, on new information on private sector fringe benefits increases, particularly meal allowances, seeks rises of between 26-36 per cent for executive officers.

The rises sought would increase clerical assistants' pay from £44,12-£50.15 to £54-£63, clerical officers' pay from £49,79-£62.84 to £65-£79, and executive officers' pay from £59,64-£87.72 to £86-£111.

Mr. Gerry Gilman, the society's general secretary, said the study shows the wages explosion had already happened, in secret, in the private sector.

Mr. Ken Thomas, CPSA general secretary, said if the Government did not want to throw away the coming election it would have to come to terms with the public sector.

If the Government offered 5 per cent "the balloon would go up." Both union leaders said it was unlikely that their members would allow them to consider a staged deal, which some Ministers and Department officials see as an escape from the embarrassing contradiction between the unit's findings and the 5 per cent limit.

Mr. Thomas said his union had a fighting fund of £1.2m to back its campaign of industrial action, which, with selective strikes, would enable them to wage a long battle.

Volkswagen moves into rental market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLKSWAGEN (GB), the Lomro subsidiary which imports VW and Audi cars to the UK, has started a scheme which will enable its dealers to operate in the car rental business.

Initially, about 60 dealers in major towns are expected to operate the scheme, called Autorent. By the end of this year, about 100 should be involved.

Finance for the operation for those dealers who need it will be supplied by Auto Union Finance which is 49 per cent owned by Volkswagen (GB) and 51 per cent by the Lloyds and Scottish banking group.

Negotiations are going on to provide "very comprehensive" insurance cover for the dealers and, because they would have few extra overheads, Autorent will allow them to "operate a

car rental business in their own areas at rates which will be highly competitive with the major car rental organisations."

In 1978 VW Audi experienced the fastest growth of any big manufacturer or importer in Britain, with sales up 41 per cent from 50,889 in 1977 to 71,688. It forecasts a further 15.8 per cent rise in a static total market this year and sales of 83,050.

Grants bring £23m business

BRITISH INDUSTRY received more than £23m in December from orders arising from aid grants and loans to developing countries made by the Ministry of Overseas Development and administered by the Crown Agents.

Potato terminal for Liverpool

A NEW terminal will be set up in Liverpool's Canada Dock following an agreement in Hamburg under which 15,000 tonnes of Egyptian potatoes will arrive every two or three days during the season.

Service slipping says Post Office chief

BY JOHN LLOYD

A DECLINE in the quality of the Post Office service has been highlighted by its chairman, Sir William Barlow.

In the current issue of the Courier, the Post Office's monthly newspaper, Sir William says that "Our standard of service, both on telecommunications and posts, has slipped a little and as a result many of our customers have been disappointed."

Recent figures indicate that the service has deteriorated because of staff shortages—especially of postmen—and to the effects of the Post Office Engineering Union's industrial action, which ended last August.

During the first quarter of the current financial year (July-September, 1978), the percentage of local calls successful on one dialling was 63.3 per cent, against an average 64.1 during 1977-78.

The rate of failure for STD calls was 3.8 per cent due to the Post Office in the first quarter of this year against 3.3 per cent last year.

Of inland calls dialled by an operator, 82.7 per cent were answered within 15 seconds in the first quarter, against 84.3 per cent last year.

There was a 54 per cent failure rate for international direct dialled calls due to the Post Office in the first quarter against 4.2 per cent last year.

Only 32 per cent of international calls through an operator were answered within 15 seconds in the first quarter against 58 per cent last year.

Figures for October 1978 show that 91 per cent of first-class letters were delivered on the next working day, compared with a target of 93 per cent, while 90 per cent of second-class letters were delivered within three days, against a target of 95 per cent.

These figures are understood not to have improved significantly, except where—as in overseas calls—the deterioration was largely due to the effects of union action. Staff shortages have been a critical problem in some areas, including London, for the past year.

U.S. funds among top 20 unit trust performers

FINANCIAL TIMES REPORTER

AMERICAN FUNDS predominated among the early leaders in this year's unit trust performance tables, according to Planned Savings magazine.

They took four places in the top 10 performers in January and nine places in the top 20.

The best performing American fund was Schlesinger U.S. Small Companies, coming second in the entire table with a gain of 13 per cent in the month.

Britannia Minerals, benefiting from a boom in metal prices, took first place and Britannia's Gold and General fund was third.

The success of the American funds reflects a big revival of confidence on Wall Street last month.

Far Eastern funds, last year's best performers, continue to do well and three of them, led by M and G Far Eastern, were in January's top 20 performers.

Former MP challenges bar from union post

MR. EDWARD MILNE, the former Labour MP, in the High Court in London yesterday challenged the right of the Union of Shop, Distributive and Allied Workers (USDAW) to deny him union office.

Mr. Milne, aged 63, a former USDAW area organiser, clashed with his union after he stood as an Independent Labour candidate in the 1974 parliamentary elections at Blyth, Northumberland.

He claims salary arrears or damages for loss of office and that since February, 1974, when Blyth Constituency Labour Party decided not to reappoint him, he has been entitled to a post in USDAW not less favourable than area organiser.

Mr. John Macdonald, QC, for Mr. Milne, told Mr. Justice Foster that USDAW repudiated that the former MP repudiated a union sponsoring scheme by standing against the official Labour candidates for Blyth, Mr. Ivor Richard and Mr. John Ryman, in the elections of

February and October, 1974. But a sponsored MP who lost office was entitled to a union post not less favourable than that which he held before election.

"We say there is no express provision which would prevent Mr. Milne standing as an independent candidate in the scheme," counsel submitted.

Mr. Milne's disagreement with the constituency party sprang from his concern over corruption in public life and differences with his agent, Mr. Macdonald said. His repeated calls for an inquiry into Labour's affairs in the North of England were regarded by many party members as "rocking the boat."

Mr. Stuart Shields, QC, for USDAW, said: "I take my stand on the position that he stood as an Independent Labour candidate as opposed to an official candidate, and that is the basis for defending this action."

The case continues today.

Public service strikes to be stepped up

BY OUR LABOUR STAFF

THE National Union of Public Employees said yesterday that strikes at schools, hospitals and in local authority services were being intensified with new action.

More than 200 schools in Sheffield are now involved in strike action on varying days. Ulster's 500 ambulance men yesterday joined the work to rule and overtime ban by 12,000 hospital ancillary workers in the province.

The overtime ban is expected to be aggravated by selective stoppages in a number of Ulster hospitals.

Army ambulance crews stood by in London again yesterday after an overtime ban by ambulance drivers.

The action by 2,200 ambulance men banning all overtime from 7 am had an immediate effect. By 9 am the normal number of ambulances available had been cut by one third.

In Wales, industrial action by health service workers continued to cause chaos. West Glamorgan was badly hit with 1,500 NUPE ancillary workers on strike in support of the county's ambulance men who had been sent home for refusing to work normally.

The men dealt with emergency calls only. Essex ambulance men belonging to NUPE and other unions stepped up their industrial action by covering only emer-

gency calls.

NUPE said its action would be in accordance with the code which followed discussions with Mr. David Ennals, the Health Secretary.

The threatened strike at 16 West London hospitals, however, was called off after the personal intervention of Mr. Ennals, although strikes in other London hospitals are set to go ahead.

The Department of Health said last night that the overall position in the health service had not deteriorated.

But the men said the strike would resume for indefinite period if substantial pay offer is not made within four weeks.

Scottish leaders of the four public service unions yesterday would start unless they got a "substantially improved" pay offer this week.

They issued the warning after a meeting with Mr. Bruce Millan, the Scottish Secretary, in London.

Mr. Donald MacGregor, Scottish organiser of the General and Municipal Workers' Union, said: "The unions have been restrained in their action to date, but we have found it extremely difficult to restrain our members."

Advertisement for Bankers Trust Company, featuring a large image of a building and text describing its services and branches in Seoul, Korea and New York.

Handwritten Arabic text at the bottom of the page.

First vaccine damage payments on the way

THE GOVERNMENT is soon to make its first payments— to 50 people—under its scheme for vaccine-damaged people, Mr. David Ennals, Health Secretary, announced in the Commons today.

He was moving the second reading of the Vaccine Damage Payments Bill which gives legal backing to the payments plan announced last May.

A payment of £10,000 will go to any person who had suffered severe damage as result of vaccination or through contact with a person vaccinated in routine NHS programmes.

The Bill, which also sets up a tribunal to consider borderline cases, applies to the whole of the United Kingdom and the Isle of Man.

Mr. Ennals said the Bill differed slightly from the arrangements outlined last August. Payment would now also be made to any person who had suffered damage as a result of vaccination of the mother before birth, vaccination against polio and German measles or any vaccination given during an outbreak of the disease in question.

But he stressed that the Government stood by immunisation programmes, which provided massive overall benefits which far outweigh the associated risks.

The Bill was not a compensation scheme and the £10,000 payment did not bar any subsequent civil proceedings for compensation and did not prejudice any rights, though it would be taken into account in assessing the amount of any damages.

Some experts, he said, argued that there was no firm evidence

that whooping cough vaccine had ever caused brain damage—the area which has caused most controversy.

It was difficult to identify the vaccine damage and in these cases an independent expert tribunal would be available.

“What the Bill seeks to do is to try to alleviate the cruel paradox that, because the very great majority benefit, a minority, albeit a very small minority, has suffered,” he said.

Dr. Gerry Vaughan, Opposition spokesman, backing the Bill, said he hoped the panic stage, in which many parents refused to have their children vaccinated at all was now over.

One problem of the immunisation issue was the enormous guilt felt by the parents of damaged children. He considered that £10,000 was a good start. It showed the Government recognised the problem.

“I believe it makes parents, in the middle of their tragedy, aware of the fact that society has made a contribution to help them and ease some of the burden they have to face.”

Dr. Vaughan, who helped to set up a medical panel to examine thalidomide children, referred to the unnecessary suffering caused by delay in the procedure.

He congratulated the Government for recognising this, and for having in the Bill set up a procedure giving benefit of the doubt to vaccine-damaged children.

A leading campaigner for the disabled, Mr. Jack Ashley (Lab Stoke-on-Trent S), welcomed the Bill and said it would ease the burden on families whose lives had been devastated.

Vaccine-damaged children were special cases like war disabled. They were the wounded

in the war against disease, a battle fought on behalf of the whole community.

Mr. Ennals had initiated an important step forward in social policy at a time of very great economic difficulty, and in the face of very strong opposition from parts of the medical profession.

But Mr. Ashley said the £10,000 payment was clearly inadequate and could be regarded only as a stop-gap until an adequate scheme was prepared.

It should be based on the war or industrial injuries scheme, with the great advantage that it would be inflation-proofed and adjusted to any changes of the effect of damage in individuals.

Mr. Ashley also hoped the Government would reconsider its decision not to pay families whose children had died.

For the Tories, Mr. Patrick Jenkin, shadow health secretary, said Mr. Ennals had been meticulously careful not to state that these damages were an interim payment.

No solution had been provided to the problem of those families with damaged children who did not qualify for the £10,000 payment.

He was concerned about the difficulties facing parents who wanted to sue on behalf of their vaccine-damaged children.

“Unless the law is changed to provide stricter liability, it must be exceedingly doubtful whether parents can establish negligence in order to claim for damages,” he said.

He also questioned whether families who had received the £10,000 payment would be entitled to legal aid in any damages claim.

Joseph demands industrial reform

BY ELINOR GOODMAN

SIR KEITH JOSEPH, the Opposition spokesman on Industry, and one of the Conservative closest advisers, claimed yesterday that reduced union power was a prerequisite for national recovery.

What was needed was a public debate on the subject of trade union reform. The onus, he emphasised, would be on union leaders to defend the way in which they used their power.

In a speech which emphasised how far Conservative thinking has moved over the last few months, Sir Keith anticipated Labour charges of “union bashing” and said he was not attacking union members for the way in which they had been misled and mis-informed by those very people who claimed to represent their interests.

Sir Keith, who peppered his speech with references to Shadow Cabinet colleagues generally regarded as being more moderate than him, also took up what is likely to become a familiar line from the Conservatives in the run up to an election, when he attacked the institutionalised links between the TUC and the Labour Party.

In the same way, he gave a preview of the Conservatives’ likely response to Labour allegations that the country’s industrial problems are the result of being forced to rely on the traditional Tory remedy of monetarism.

Monetarism in isolation, he argued, would not be enough to tackle the nation’s ills. It had to be put in the wider context of fiscal and legislative reform.

Recovery required that the unions operated responsibly within a fair and balanced framework of law and that everybody worked within a sensible economic framework.

Since the Government has been converted to what was Sir Keith’s favourite cause of monetarism, the Conservatives have been putting increasing emphasis on the need to accompany monetary discipline with a reduced resources going to the public sector.

The public, he said, had been misled by Mr. Callaghan and Mr. Healey, who had denounced monetarism while practising it. He claimed that Ministers refused to face the public expectations—the ability of unions to force the rest of society to pay for the inflation the unions were making harder to eliminate. He said the unions had been uniquely privileged for some time, but Labour’s more recent legislation—all at the request of the TUC—seemed designed to ensure that a strong union could almost always win any dispute, regardless of its economic case.

Sir Keith’s speech was seen by Tory MPs yesterday as further evidence that the Shadow Cabinet no longer regards the policies spelt out in “The Right Approach to the Economy” as adequate to deal with the present situation. There was some concern, however, that the apparent decision to make union reform a central plank of the party’s election platform, might backfire on the Conservatives by raising public expectations too high and locking the party into a situation where it would come to power already at loggerheads with the unions.

Macmillan looks for consensus

BY PHILIP RAWSTORNE

MR. HAROLD Macmillan, former Conservative Prime Minister, tonight lends his support to the appeals for a Government of national unity.

Britain’s future depends on achieving a general consensus, he says in a recorded interview for BC Television.

“I’m quite certain that there are forces now which if we could only get them to unite, whether in a government of unity of the great organisations of employers and trade unions, or of the churches, all the people who influence opinion who would say—‘It’s enough, we must make a new start.’”

“It’s a moral issue, we must have the determination and we must rebuild our courage.”

Mr. Macmillan, who will be 85 this week, says: “I’m sure people would welcome a real lead and say... let’s get together and make this marvellous world for ourselves.”

Eloquently stylish as ever, he recalls the “you’ve never had it so good” days.

“Now something’s gone. What’s gone was that you could only run that on a general consensus of nobody pressing any position too hard.”

Mr. Macmillan says he can see little real difference between the parties; they are exaggerating their different approaches to the problems. Whether by incomes policy or monetary policy, they are “all playing about with the idea

of reducing the amount of money in the hands of the people, either for new enterprise or for new businesses or for spending.”

He adds: “Now, I can’t feel in my heart that that’s right.”

It had a depressing effect on energy, enterprise and production.

Turning to Europe, Mr. Macmillan calls for a revival of the “great emotion” which has been lost in the bureaucratic arguments about fish and milk.

A united Europe could still equal the super-powers in economic influence, foreign policy and defence.

But its future is very uncertain. “Nobody is really facing this... Somebody must arise, somebody who like Churchill is not just an echo but a voice.”

Mr. Macmillan says he is also alarmed by the West’s failure to “hold our guard” against the Communist world.

Britain had abandoned vital military positions: the United States was weaker.

“I tell you quite frankly, I’m alarmed about the SALT discussions which look like abandoning or endangering the safety of Europe for the convenience of the United States and Russia.”

He adds: “Peace is not kept, alas, by committees or phrases. I think this can be kept, this peace, if each side keeps up its guard and makes no concessions.”



NFU man ‘Useful’ discussions chosen for Europe

BY IVOR OWEN

USEFUL discussions have taken place with Sir Arnold Weinstock, the managing director of GEC, about the reorganisation of Britain’s nuclear power industry, Mr. Anthony Wedgwood Benn, the Energy Secretary, told the Commons yesterday.

But, despite pressure from Conservative and Labour MPs, who underlined the harmful effect of continuing doubts over the future structure of the industry, he was unable to give any indication when definitive proposals are likely to emerge.

Mr. Benn answered Opposition criticism by stressing that even Conservative MPs now accepted that the organisation established by the Heath Government, based on interlocking private shareholdings, required a change.

But without legislative power he was having to proceed to alternative arrangements by agreements and this was taking time.

Mr. Benn reported that top officials employed at the Risley and Whetstone plants were in agreement that a majority holding for the public sector would be the best way of safeguarding the National Nuclear Corporation.

Mr. Tom King, the Conserva-

tive shadow Energy Minister, suggested that the Minister was experiencing difficulties in the negotiations with the nationalised corporation involved quite apart from the private sector companies.

After referring to discussions with the Central Electricity Generating Board and the Atomic Energy Authority, Mr. Benn said: “I am trying to reach a consensus because that is the proper way to proceed.”

He gave no support to a complaint by Mr. Arthur Palmer (Lab Bristol NE) that Sir Arnold was using GEC’s position to lay down “certain demands” for reconstructing the industry.

Mr. Benn caused some surprise by hinting that negotiations with the Opposition on the introduction of legislation to reorganise the electricity supply industry had reached a stage when it might be possible to secure a second reading for a Bill.

He also expressed “grave doubts” about continuing with the policy decision taken in the early 1960s in favour of “majority power stations.”

Recent events had shown how vulnerable such stations were, but it took time to move from one policy approach to another.

Liberals reveal PR plans

By Elinor Goodman

BRITAIN came “within an ace” of having a referendum on proportional representation for general elections last year, according to Mr. John Pardoe, Liberal spokesman on economic affairs.

He said the issue was raised when the Prime Minister asked the Liberal leader, Mr. David Steel, and himself about renewing the Lib-Lab pact last summer. Mr. Callaghan had agreed to consult his Cabinet colleagues about the possibility of a referendum.

The claim was made at a meeting aimed at using the current industrial crisis as evidence of the need for a fundamental change in the electoral system. It was dismissed in government circles, however, as pure fantasy.

Mr. Pardoe said that while the Liberals had not expected a Labour Government to deliver PR, it ought to have been able to deliver a referendum to the British people on PR for the Westminster elections.

Mr. Pardoe claimed that Mr. Callaghan had not turned down the request for a referendum but said he would put it before the Cabinet. Two weeks later he came back to the Liberals to tell them that there was no support for the idea.

Tory ‘mugwumpery’ on Rhodesia condemned

BY ELINOR GOODMAN, LOBBY STAFF

A TORY rightwinger yesterday called on the leadership to “get off the fence” on Rhodesia and support the internal settlement.

The call was symptomatic of the kind of pressures building up within the party, which some members of the shadow Cabinet fear may boil over into an embarrassing public argument before an election.

Mr. John Biggs-Davison, who resigned from the front bench in November to be free to vote against renewal of sanctions, urged yesterday that there should be no further “condonation” of sanctions against what he described as the “white-black partnership in Salisbury.”

“Mugwumpery,” he said, did not become a great party. The Conservatives should urge support for the multi-racial democracy endorsed by the white referendum.

The tone of his statement was in marked contrast to the more cautious referendum vote from Mr. Francis Pym, shadow Foreign Secretary, last week.

Mr. Pym criticised the Government for failing to do enough to bring about “free and fair elections” in Rhodesia but did not commit a Conservative government to lifting sanctions after an election had been held.

As Tory hopes of winning the British election increase, so

does the concern of some front-benchers not to be committed to a position which a Conservative Government could not stick to.

They fear that even if fewer than half the Rhodesian electorate voted in favour of the internal settlement, pressure to recognise the new Government could create an embarrassing Tory split just when the party needed closed ranks for an election.

The official position remains that sanctions on Rhodesia cannot be lifted until free and fair elections have taken place. What is not clear is what exactly would constitute “free and fair elections.”

Recovery required that the unions operated responsibly within a fair and balanced framework of law and that everybody worked within a sensible economic framework.

Since the Government has been converted to what was Sir Keith’s favourite cause of monetarism, the Conservatives have been putting increasing emphasis on the need to accompany monetary discipline with a reduced resources going to the public sector.

The public, he said, had been misled by Mr. Callaghan and Mr. Healey, who had denounced monetarism while practising it. He claimed that Ministers refused to face the public expectations—the ability of unions to force the rest of society to pay for the inflation the unions were making harder to eliminate. He said the unions had been uniquely privileged for some time, but Labour’s more recent legislation—all at the request of the TUC—seemed designed to ensure that a strong union could almost always win any dispute, regardless of its economic case.



Sir Henry Plumb

national. He was selected for London Central which also looks like being a solid Conservative seat.

So far, 22 candidates have been selected. Most of the glittering names known to be in search of European seats, have been placed, and most of those still searching are either former Conservative MPs or less well known businessmen.

One of the luminaries still looking for a safe seat is Mr. Paul Channon, MP for Southend West, who Mrs. Thatcher wants as leader of the Conservative delegation in Europe.

Tory advice spurned

BY OUR PARLIAMENTARY CORRESPONDENT

ON THE EVE of the resumed negotiations between the National Coal Board and the National Union of Mineworkers on the miners’ pay claim, Mr. Anthony Wedgwood Benn, the Energy Secretary, brushed aside Tory allegations that he is encouraging a settlement in excess of the Government’s pay guidelines.

Mr. Tom King, shadow energy minister, yesterday joined Tory backbenchers in accusing Mr. Benn of failing to support the view of Sir Derek Ezra, the NCB chairman, that moderation in this year’s settlement is essential if long-term investment plans for the industry are to be sustained.

Government supporters cheered Mr. Benn when he told Tory MPs that, after the events of 1974, he was not prepared

Progress on prices

DESPITE BEING strongly criticised by Tory peers, the Price Commission (Amendment) Bill secured an unopposed second reading in the Lords last night.

Ministers are now hoping that the measure, which abolishes the safeguard regulations guaranteeing a minimum level of profit for companies undergoing investigation by the Price Commission, will receive the Royal Assent on Thursday.

In the closing speech for the Government, Lord Jaques, a Lord in Waiting, claimed that companies will be able to initiate action in the courts to challenge the way in which the Price Commission exercises its discretionary powers.

In asserting this view he clashed with Lord Cockfield, who argued that the Bill would give the Price Commission virtually dictatorial powers.

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Zambian debts promise

THE Zambian Government is using recent international Monetary Fund credits to clear debts to British firms and individuals, Mrs. Judith Hart, Minister of Overseas Development, told the Commons yesterday.

She was urged by MPs to put pressure on the Zambian Government to speed up the payment of compensation to British firms and individuals.

Mr. Richard Luce, (C Shoreham), said many people were suffering financial hardship.

“The Zambian Government has assured us that part of the foreign exchange made available by the advance payment for copper purchases will be used for this purpose and I understand that the greater part of the recent IMF credits has been used to clear remittance arrears to British firms and individuals.”

“It is not possible to ‘short-cut’ the money owed to UK nationals from British aid loans to Zambia because the money has been voted by Parliament to assist Zambia’s economic and social development.”

Prior takes tougher line on unions

By Paul Taylor

THE LAW on picketing, trade union closed shops and the provision of supplementary benefits to strikers will have to be examined if the balance of trade union power is to be corrected, Mr. James Prior, shadow employment spokesman said yesterday.

At a London meeting of the Working Together group, Mr. Prior mapped out the middle ground between some trade union leaders and industrialists on measures needed to improve Britain’s industrial relations record.

He did not wish to see a return to the rigid format of the Labour Party’s In Place of Strife or to his own party’s Industrial Relations Act.

“Satisfactory” solutions will not work in Britain, he said. There would have to be changes in the law on picketing coupled with the law on associated action, such as secondary picketing.

Mr. Prior said the law on “unfair dismissal” would have to be examined where someone refused to join a union closed shop and that appeals against union expulsion from a closed shop should be dealt with by the courts.

Bill will thwart treasure hunters

A MOVE to make life easier for archaeologists and ban amateurs with metal detectors was introduced by the Government in the Lords yesterday.

Peers were debating the second reading of the Ancient Monuments and Archaeological Areas Bill which gives archaeologists the right to excavate for up to six months at any site considered to be of special importance where there are plans for development.

Developers would have no choice but to allow the excavation to take place, and could not claim compensation for the delay.

Baroness Stedman, Environmental spokesman, said some developers co-operated with archaeologists. Others would not give them enough time to excavate and some would not even let them observe the site.

“There is at present the risk that the developer will deny access to a site of great importance, with the inevitable consequent loss of rapidly diminishing evidence of the past.”

Lady Stedman believed many developers would be glad to know what was expected of them to “enable the archaeological heritage to be recorded before they destroy it.”

The Bill also forbids the use of metal detectors, without consent, at ancient monuments and archaeological sites. This provision was prompted by “treasure-hunting with the aid of metal

detectors, which could lead to irreparable damage and loss of knowledge,” said Lady Stedman. It was not the detector that was harmful, but the action of digging up a metal object that was likely to harm an archaeological site.

For the Conservatives, Lord Mowbray said: “Properly used, this Bill should do everything to encourage co-operation between all parties and a responsible attitude towards the conservation of our heritage.”

He said the Government should consider further restrict-

ing the use of metal detectors in areas other than those of archaeological interest. The activities of ill-informed people using metal detectors could pose great dangers and could threaten the existence of crucial sites.

he power to terminate guardianship of ancient monuments. He did not believe that ancient monuments should be singled out for a lesser degree of protection than National Trust property. But the new provisions for archaeological sites were clearly overdue.

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A PRIVATE Bill to abolish the ancient law of treasure trove in England and Wales received its first reading in the Lords yesterday. Introduced by Lord Abinger and sponsored by the Council for British Archaeology, the measure would mean that gold and silver objects found in the earth would automatically be the property of the Crown. At present, coroners must decide the ownership of treasure.

Lord Mowbray said the new powers giving archaeologists the right to excavate sites scheduled for development, were justified. A morning’s work with a bulldozer could destroy a century of history, he said.

For the Liberals Earl Grey welcomed the Bill. Amateurs had done much harm to some archaeological sites and there was great concern about the destruction and vandalism of ancient monuments, he said.

Lord Kennet (Lab) said he lamented the introduction of the provision in the Bill to introduce the new concept for Britain of “designated archaeological areas” was praised by Lord Abinger.

But, he was uncertain how the idea would work because it was often difficult to identify areas of archaeological interest when they were located below ground, especially in large cities.

Winding up for the Government, Lady Stedman said about 80,000 metal detector licences had been issued by the Home Office and a further 8,000 were being processed. Licences for metal detectors, unfortunately, did not ensure that they were not improperly used on archaeological sites.

The Bill was given an unopposed second reading.

THE JOBS COLUMN

Weakness to strength • 'Elite' in reality

BY MICHAEL DIXON

"NOW TELL me: what is your weakest point?" The use of that kind of negatively directed question in job interviews evoked especial scorn the other night from Cyril Marks, of Courts Careers Consultancy in London.

Such questions were evidently becoming more and more fashionable these days, he told a group of men and women about to leave the City University Business School with higher degrees in management. What better example could there be, Mr. Marks asked rhetorically, of the liability of recruiters arrogantly to assume the right to ask a candidate questions which they would feel affronted to be asked themselves.

"Just suppose you as a candidate asked one of them to tell you what was their company's weakest point," he went on. "Would they tell you that some unidentified security problem was stopping 1 per cent of their finished production from ever reaching the customer?"

The tone in which Mr. Marks expressed this inquiry suggested a certain disinclination to believe that pigs might fly, either.

"But you'll find interviewers think nothing of throwing questions like that at you," he informed the aspirant business graduate whose job-hunting season has started this very week.

"And when candidates get asked what is their weakest

point, what do they do? They consider it carefully for a moment, and then answer it honestly. Co-operating with negatively directed interviewing of that kind is the same as co-operating in your own rejection," Cyril Marks declared. "What you need is to think up an answer that puts the discussion back on a positive plane."

What would he reply if asked to disclose his weakest point? "I probably push the people under me too hard."

Up and down

THAT MASTERSTROKE—persistent use of which might apprise recruiters that tricky interviewing is a game two can play—was an unexpected bonus from the City Business School's seminar, which I attended to discuss the likely job prospects for people with master's and other higher degrees in management.

As a breed such folk, who are commonly referred to as MBAs, have had a distinctly up and down existence since business education of the American pattern began to be imported wholesale into Europe about a dozen years ago.

It is unfortunate that it was imported into the UK, in particular, amid an enthusiasm for education which was little short of religious in kind. Education was seen as capable of anything, an ideal commodity, the

more of which everybody had

the better they would inevitably become. Hardly anyone stopped to see that the education people actually undergo, rather than theorise about, is a set of practices conducted by fallible human beings, some capable, some incompetent, and most of middling skill.

The fervour coincided with a belief that insufficient managerial ability accounted mainly for Britain's failure to match the United States' economic growth. "The management gap," the deficiency was called.

Managerial activity depends primarily on a relationship between one person and others. But few questioned whether, in that case, it could be effectively taught in the same formal sense as is philosophy, which depends on a set of intellectual precepts.

Leading politicians, business men and even civil servants instead leaped to the conclusion that the way to heal the management gap was to set up higher-degree courses in business administration like those which were common, and have since become habitual, in the U.S.

Perhaps because the result would be increased funds and career-prospects for academics, the educators heartily agreed.

From public platforms various eminences declared that once the management courses were set up and their human products transferred into the commanding heights of industry and commerce the nation's prosperity would be assured.

Meanwhile thousands of practising middle-managers whose promotion prospects were to be surrendered to the educated "high fliers," robbed their hands menacingly and murmured: "Aye, Happen..."

When the MBAs began to emerge from the new courses the best of them were indeed sharply trained business analysts and so of much potential value to an economy where—to borrow the words of Tony Hall, another speaker at the seminar—decisions taken because they "seemed a good idea" too often turn out to be very expensive good ideas.

But the MBAs had generally been overvalued, and not least themselves, as paragons of managerial skill. Many were also undermined by one of the hand-rubbing fraternities who had been put in charge of them: pending their elevation above his head to the senior ranks. The result was that, just as indiscriminately and irrationally as they had been heralded as intellectual saviours, by 1971 they were being ridiculed as impractical whippersnappers.

Now, however, the image of business graduates among working organisations seems at last to be settling into some reasonable correspondence with reality. And it looks as though this year Britain's new MBAs' services will be specifically sought by around 250 concerns of various kinds.

Now, too, the business graduates are less typically

people who have gone from 16 years of academic education directly into two further years' full-time study of analytical techniques coupled with economics, finance and the more modish sociology and psychology. Increasing numbers have years of working experience between bachelor's degree and management school, and some are aged well into their thirties.

Salaries

The differences in age and experience make risky any attempt to estimate likely starting salaries. Even so, the average for those aged 27 and under is expected to be £7,500 or a bit more, and that for the 28-plus age group something upwards of £9,000.

Jobs which justify such high figures by applying the MBA's analytical skills in finance and corporate planning will probably make up the biggest single category on offer. Marketing and commercial operations seem to constitute the second biggest, and management consultancy, whose major firms are apparently recovering their appetite for recruits, will be another buyer.

But this year, the intake of MBAs into production and allied work might well help to banish their former over-inflated image by overhauling consultancy as the third biggest category.

While the public sector remains aloof, business concerns in the UK—albeit still mostly the big groups—seem to be assuming the attitude of counterparts elsewhere in Europe, where MBAs made their entrance in less manic-depressive circumstances. This is to take post-graduate management education not for what one hopes or fears it might be, but for what is evidently is.

No doubt will the business graduates who heard Tony Hall at the City University's seminar, as well as being an MBA, be taught for five years in management schools before going last autumn to test his mettle with Dehnair in the Lindusries group.

The problems now facing him are rarely theoretical. As emergency transport manager, for instance, he has lately been much exercised in ever sense of the word by how to get lorries up a neighbouring ice-covered hill. But he believes he has learned more about managing in the past four months than in nearly twice as many years beforehand.

Not to say he belittles his management school period. He thinks it fundamentally important in enabling him quickly to assess the position of a concern and the practical options open to it. Even so, he warned his former students at the City's Business School: "The intellectual sophistication of the textbooks is by and large redundant."

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Secretary

Applications are invited for the post of Secretary of the Northern Ireland Electricity Service.

Applicants should have extensive experience at senior management level, preferably in a public utility. The successful candidate will, in addition to acting as Secretary to the Service, be required to advise the Service on legal matters and to be responsible for security, administration, estates, wayleaves and public relations, acting as the main channel of communications between the Service and outside bodies.

Terms of appointment, including salary, will be negotiable but will be not less favourable than those for comparable posts in the Electricity Supply Industry in Great Britain.

An application form for the above post can be obtained from—

The Personnel Director
Northern Ireland Electricity Service
P.O. Box 2
Danesfort
120 Malone Road
Belfast BT9 5HT
Northern Ireland

The closing date for receipt of completed application forms is Friday, 16 February 1979.



ANALYTICALLY MINDED £6,000

Forecast business trends for this major European Group and ensure yourself an executive career. Our clients seek a maths or economics grad, with some experience of corporate forecasting. The package offered is very attractive and for more details contact:

M & J Personnel Consultants
01-839 1832

CONTAINER LEASING DIRECTOR

International group of companies requires a top leasing executive fully experienced in container leasing operations to head future developments and plan and coordinate future policy. This is a top position and candidates will be reporting only to the main board of directors.

This position offers excellent salary, company car, company pension scheme and fully related benefits. Write: Box A.632, Financial Times, 10, Cannon Street, EC4A 4B7.

Major U.S.-Based Investment Banking Firm

requires personnel with suitable experience to transact U.S. money market security business on their behalf. Salary commensurate with experience.

LEE PERSONNEL LIMITED,
175 Piccadilly, W.1.

Investment Counsellor

Expansion of our "manager pension funds" business has created a vacancy for a suitably qualified and experienced person with presence and personality to liaise between our existing and potential pension fund trustee clients and our Investment Department.

Duties will involve preparing written reports on our current investment strategy both in general terms and as affecting individual clients and following up these reports by personal visits to clients, Pension Consultants and other professional advisers. The nature of the work will require frequent close contact with our Investment Department.

The successful candidate (male or female) would be based in London and would be expected to travel fairly frequently within the UK. A sound practical knowledge of current investment conditions and the factors affecting investment strategy is essential.

A relevant degree or professional qualification would be desirable. The upper age limit is 50 and an ability to communicate well, both by written and spoken word is essential together with the personality and presence to create confidence with clients at senior levels.

A negotiable five-figure salary, reflecting experience and qualifications is offered together with generous fringe benefits, including a car, low interest mortgage and non-contributory pension.

Applications with a full curriculum vitae to: Assistant General Manager (Personnel), Eagle Star Insurance Co. Ltd., Eagle Star House, Bath Road, Cheltenham, Glos. GL53 7LQ.

Eagle Star Insurance Group



Botswana Taxation Specialist

Up to £10,820 plus allowances.

The Ministry of Finance and Development Planning requires a taxation specialist who will be directly responsible to the Director of Financial Affairs for duties including:— research and advice on special taxation arrangements related to economic development, providing recommendations on both existing and new tax legislation, and drafting Cabinet Memoranda, Notices and Motions for the National Assembly and Ministers' speeches on taxation affairs.

Candidates must be qualified Senior Inspectors of Taxes with a degree in law or economics.

Salary includes a substantial tax-free allowance paid under Britain's overseas aid programme. Basic salary attracts 25% tax-free gratuity.

Benefits include free passages, generous paid leave, children's school fees, passages and education allowances, appointment grant and interest-free car loan.

The terms on which civil and public servants may be released if selected for appointment will be subject to agreement with their present employers.

For full details and application form write quoting MC/780114/FF.

Crown Agents

The Crown Agents for Overseas Governments and Administrations, Recruitment Division, 4 Millbank, London SW1P 3JQ.

DIRECTOR

ESSEX BASED COMPANY

Due to expansion an opening has arisen for a self motivated person fully conversant with all aspects of International Shipping.

Under his/her control will be a staff of approximately 30. This is a demanding role and requires a person with a likeable but strong personality also a person able to relate to Continental Agents and U.K. Customers.

Salary for this position will be commensurate with previous experience and Company benefits include—

Company Car
Assisted Private Telephone
Company Pension Scheme

Please write in confidence, enclosing comprehensive details of your career to date to Box A.6831, Financial Times, 10, Cannon Street, EC4A 4B7.

United Arab Emirates

A firm of Solicitors with offices in Dubai and Sharjah seek:

An Assistant Solicitor with at least 3 years' experience qualification in commercial, corporate or banking law.

AND

An Assistant Solicitor with at least 1 year's similar experience since qualification.

A generous salary and fringe benefits will be paid to the successful applicant.

Please reply to Position Number DSU 7159, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

In Germany

Your representation of interests
Your management consultant
Your business manager
Business Manager available with free capacity
Offers: Dipl.-Kfm. Karl-D. Bach
Box 140 270, D 4800 Bielefeld 14

STATE OF KUWAIT

MINISTRY OF OIL

requires

EXPERIENCED ENGINEERS

in the following fields:

PETROLEUM ENGINEER

B.S. degree in Petroleum Engineering with practical experience in Drilling and Production operations and field supervision on drilling contractors and planning and supervision of oil field facilities.

RESERVOIR ENGINEER

B.S. Degree in Petroleum Engineering preferably with advanced courses along with practical experience in reservoir engineering and reservoir simulation. Experience in computer application to reservoir engineering problems is essential.

PROCESS ENGINEER

B.S. Degree in Chemical Engineering with experience in Refinery, Petrochemicals Processing and Projects Design and Evaluation.

MECHANICAL ENGINEER

B.S. Degree in Mechanical Engineering with practical experience in design, installation and maintenance of the petroleum and gas pipelines networks, storage and terminal facilities in the oil industry. Experience in computer application is desirable.

* Candidates should be fluent in English and have more than six years' experience.

* Successful candidates will receive a salary commensurate with their experience and other benefits which are provided according to the employment regulations of the State of Kuwait.

* Send detailed resumes and personal photograph with photocopies of educational and experience certificates and expected salary and joining date before 28th February, 1979 to:

The Undersecretary
Ministry of Oil,
P.O. Box 22795, Safat,
STATE OF KUWAIT

Senior Foreign Exchange Manager

One of the largest privately owned commercial banks in the world requires a Foreign Exchange Manager with several years trading and money market experience.

The position is based initially in the Middle East and specific duties will encompass the re-organisation of the accounting system; the management of spot market activity and recommendations to senior management regarding medium and long term currency position taking.

Aged between 33 and 45 years, the successful candidate will combine a thorough understanding of the major international currency markets with the ability to communicate and act as a responsible and innovative administrator.

This position is undoubtedly one of the most senior, exciting and dynamic in its field and offers unique career opportunities combined with a highly attractive base salary including free housing and other generous fringe benefits.

Please reply with full details and in strictest confidence to:
Box 2241, Gould & Portmans Ltd,
55/57 High Holborn, London WC1.

Assistant Editor Big Farm Management

The leading monthly magazine for the country's top farmers. Main requirements are an all-round knowledge of farming, and a few years' experience. Alternatively, this could provide an opportunity for a young graduate, with a farming background, to make a career in agricultural journalism. Men and women, for an application form please contact: Personnel Services Department, Northwood Publications Ltd., Elm House, 10-16 Elm Street, London, W.C.1. Tel: 01-278 2345 ext. 33.

Seychelles

Senior Tax Auditor

Up to £10,220 plus allowances

A qualified accountant is required by the Direct Taxation Division of the Ministry of Finance to undertake tax investigation duties and to train local staff.

Applicants must have relevant professional experience particularly in company tax investigation.

Salary includes a substantial tax-free allowance (to be reviewed shortly), paid under Britain's overseas aid programme. Basic salary attracts 25% tax-free gratuity.

Benefits include free passages, generous paid leave, children's holiday visit passages and education allowances, outfit allowance, subsidised housing, appointment grant and interest-free car loan.

The terms on which civil and public servants may be released if selected for appointment will be subject to agreement with their present employers.

For full details and application form write quoting MC/6477.

Crown Agents

The Crown Agents for Overseas Governments and Administrations, Recruitment Division, 4 Millbank, London SW1P 3JQ.

MANAGING DIRECTOR

For a new trading company candidates between 35-45 years of age required, qualified in commerce, overseas trading, import and export and banking, fully acquainted with North Africa and Middle East markets. Arabic, German and French languages written and spoken fluently, in addition to English are necessary.

An attractive remuneration package is offered for this challenging appointment. Please write in detail in strict confidence, mentioning experience, qualifications, age and current salary, to:

The Secretary
NORTH AFRICA-MIDDLE EAST TRADING CO. LTD.
Suite 657-661 Grand Buildings
Trafalgar Square, London, WC2

Pension Fund Investments

We are looking for a numerate person, preferably with some formal qualifications, a few years' experience and aged 25/30, to assist in the management of our equity investments.

Please send brief c.v. to:
P. Olney, Investment Manager,
GEC Ltd., 132 Long Acree,
London WC2 or phone 01-836 3444.



Handwritten Arabic text: "السيد محمد بن عبد الله"

Overseas Business Development

With the rapid expansion of Irish dairying, exports from Ireland have almost achieved the £500 million level in 1978.

Accordingly, the Board is extending its Management team in overseas markets, particularly in the exploration of new market opportunities for Irish dairy products.

The role will involve identifying, developing and bringing to fruition market opportunities including joint ventures overseas.

A flair for identifying and successfully initiating new business opportunities, particularly in the international food industry, accompanied by a record of profit achievement is required.

The chosen applicant will have an appropriate degree coupled with a successful career in marketing overseas, preferably backed by experience in corporate development, all at senior level.

Preferred age group 35-45 years.
A second language would be an asset.
The appointment will be at director level.
Please write in confidence to:

Mr. P. McKimm, Secretary,
An Bord Baine Co-op. Ltd., Grattan House,
Mount Street Lower, Dublin 2.



COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER DIVIDEND NO. 106

Pursuant to the notice published on 20th December, 1978, holders are informed that the rate of payments of the above dividend are to be ascertained by the United Kingdom Paving Agents on 16th February, 1979, and that the gross dividend payable by the United Kingdom Paving Agents is therefore equivalent to £8,095,979.00.

Holders of share warrants to bearer are informed that payment of dividend No. 106 will be made on or after 19th February, 1979, save surrender of the warrants to the London Branch Reception Office, 40, Holborn Viaduct, London EC1P 1AU.

Amount payable per share (10/-)	28,095,979.00
Less: Dividend tax (U.K.)	4,275,979.00
Amount payable where a U.K. inland revenue declaration is lodged (U.K.)	24,820,000.00
Less: Dividend tax (U.K.)	5,264,000.00
Amount payable where a U.K. inland revenue declaration is lodged without a U.K. inland revenue declaration (U.K.)	19,556,000.00

COUPONS must be used to duplicate on forms obtainable from the London Branch Reception Office and deposited with the company by 15th February, 1979, at the latest, saved clear days before payment is required.

BARNATO BROTHERS LIMITED,
10, D. W. J. PHILLIPS, Secretary.

NOTES: (1) The gross amount of the dividend for one United Kingdom share is £809.5979. (2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend (see Note 1 and 2 below) and the rate of 18.25% instead of the standard rate of 25% applies in respect of South African Non-Resident Shareholders Tax.

Société Nationale des Chemins de Fer Français (S.N.C.F.)

Floating Rate Notes due 1985 to 1997
Notice is hereby given that the rate of interest for the period February 2, 1979 to August 2, 1979 has been fixed at 11 per cent p.a.

The Fiscal Agent
KREDITBANK S.A. Luxembourg

CIMENTS LAFARGE

84% 1971/1986 \$US 20,000,000 Loan
Notice is hereby given to bondholders of the above loan that the amount redeemable on March 25, 1979, i.e. \$US850,000 was bought in the market.

Amount outstanding: \$US13,000,000.
Luxembourg, February 6, 1979.

THE TRUSTEE FINIMTRUST S.A.

WESTMINSTER BANK BEARER

REPRESENTING SHAREHOLDERS OF THE ORDINARY SHARES OF THE COMPANY LIMITED
National Westminster Bank Limited
Notice is hereby given that the rate of interest for the period February 2, 1979 to August 2, 1979 has been fixed at 11 per cent p.a.

LEGAL NOTICES

No. 00256 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HAWKSWORTH LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, or that purpose, and copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

No. 00257 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADEBINGLE LIMITED, DALECENTRE LIMITED, ESMER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, or that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

No. 00221 of 1978
No. 00222 of 1978
No. 00223 of 1978
No. 00224 of 1978
No. 00225 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADEBINGLE LIMITED, DALECENTRE LIMITED, ESMER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, or that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

No. 00226 of 1978
No. 00227 of 1978
No. 00228 of 1978
No. 00229 of 1978
No. 00230 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADEBINGLE LIMITED, DALECENTRE LIMITED, ESMER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, or that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

No. 00231 of 1978
No. 00232 of 1978
No. 00233 of 1978
No. 00234 of 1978
No. 00235 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADEBINGLE LIMITED, DALECENTRE LIMITED, ESMER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, or that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

APPOINTMENTS

Clayton Dewandre Holdings Board member

Mr. Raymond R. Peterson has been appointed a director of CLAYTON DEWANDRE HOLDINGS.

Mr. HARRY LOVATT has joined REDIFON TELECOMMUNICATIONS as executive chief engineer. He will control product development and be concerned with new product design as well as development of existing products. He takes over those responsibilities from Mr. R. A. Barrs who in a new post is in charge of product planning and development strategy. Mr. Hugh Lethers remains his responsibility for systems design and engineering. Mr. Lovatt leaves the Plessey Company after 10 years where he had a technical managerial position in avionics and communications.

Mr. Alan Channing, at present a principal in the finance transport industries division, Department of Transport, has been appointed secretary to the BRITISH TRANSPORT DOCKS BOARD from February 26. He succeeds Mr. David Dixon who became docks manager of the BTDB port of Fleetwood at the beginning of last month.

The Lord Chancellor has appointed Dr. Eric Francis Carr, a Medical Visitor of mental patients, replacing Dr. Alan R. Moore, who died in September. Dr. Carr is a senior principal medical officer at the Department of Health and Social Security where he is head of the medical division concerned with psychiatry.

Mr. Brian Hargreaves, editor of the West Lancashire Evening Gazette, has been appointed a director of the newspaper's publishing company, BLACKPOOL GAZETTE AND HERALD, part of United Newspapers Publications.

Mr. Colin Astin and Mr. Ronald Noble, formerly assistant directors, have been appointed directors of BARCLAYS MERCHANT BANK.

Mr. Denis Hightman, of Thorn Television Rentals, has been elected chairman of the council of the CABLE TELEVISION ASSOCIATION OF GREAT BRITAIN. Mr. Frank Hall, Visionaire, becomes deputy chairman of the association.

Mr. R. Dickinson has been appointed to the Board of CURRYS and continues as managing director of Currys Group Service. Mr. E. J. Patterton, a former Currys joint managing director, has retired from the Board.

Mr. P. W. Fleming is to become sales director of MORGAN FURZE AND CO. on March 1 in place of Mr. Richard Perse, who is leaving to take up a new appointment in the West Country. Mr. Jack Brookes, a director of the company and institutional business, will deputise.

Mr. E. R. Brookes has been elected first president of the newly formed STONE FEDERATION. Mr. John Bysouth is senior vice-president. Mr. E. J. Andrews

has become president of the NATIONAL FEDERATION OF PLASTERING CONTRACTORS and Mr. W. G. Murphy has been made senior vice-president.

Mr. John R. Ruddy has been appointed to the main Board of R. P. MARTIN AND CO. Mr. Patrick J. Phelan has joined the Board of R. P. Martin Deposits.

Mr. Douglas Barrington, managing director of the Lygon Arms, Broadway, has been elected chairman of the national council of the BRITISH HOTELS, RESTAURANTS AND CATERERS ASSOCIATION, succeeding Mr. Maxwell Joseph. George Hill, chairman Bass UK, has become chairman of the Association's Board of management in place of Mr. Rex Joseph. Mr. Donald Durban has been made vice-chairman of the Board.

Mr. D. W. Beattie has been appointed a non-executive director of TWINLOCK. He is a divisional director of the National Enterprise Board.

Mr. R. A. Farren, works manager, Mr. B. J. Einker, UK sales manager, and Mr. R. A. Poulton, technical consultant, have joined the Board of FITTER AND POULTON.

Mr. Anthony Burden has been appointed director of sales, Europe, of CARTE BLANCHE INTERNATIONAL, now a wholly-owned subsidiary of Citicorp, with responsibility for the establishment of its UK and European sales and marketing operations. Mr. Burden was formerly sales director for Diners Club.

Mr. J. F. T. Dundas has been appointed a director of MORGAN GRENFELL INTERNATIONAL.

SmithKline Corporation has formed SMITH KLINE AND FRENCH RESEARCH, and the Board of that company consists of Dr. R. W. Brimblecombe, Mr. L. N. A. Flockhart, Dr. W. L. Burland, Dr. C. R. Ganellin and Dr. A. M. Roe.

Mr. Minoo E. Randeria has been appointed to the pharmaceutical division of DIXONS PHOTOGRAPHIC as divisional commercial director and joins the 10 divisional boards in a non-executive capacity. Mr. Randeria has been both financial and commercial director of Wimpy International.

Mr. Peter Orpin has become sales director of EVERBRIGHT FASTENERS, ENGRS. and METRIC FASTENERS.

STERLING-WINTHROP GROUP is forming its commercial divisions into three business groups each under a chief executive. Mr. Nell Appleton will be chief

executive of the prescription medicines group in the UK, Ireland and Scandinavia and is appointed chairman of Winthrop Laboratories in the UK. He joined the company in 1965 and since 1973 has been managing director of Winthrop Laboratories. Mr. Colin Twidie becomes chief executive of the consumer products group in the UK. He started with the company in 1963 and became managing director of Sterling Health last year. Mr. Richard Brown is to be chief executive of the industrial products group in the UK and is appointed chairman of Izal. He has been with the company since 1962 and was made managing director of Izal in 1965. Mr. Jeff Wood has been appointed managing director of WINTHROP LABORATORIES UK.

Mr. E. Romaguera will be appointed representative of BANCO NACIONAL DE CUBA, Zurich, from March 1. Mr. C. Roca is now managing director of HAVANA INTERNATIONAL BANK, a subsidiary.

Mr. John Key has become managing director of Messengers (Birmingham) and has also joined the board of its holding company PENTOS ENGINEERING GROUP. He has worked within Pentos for three years, latterly as production director. Austin-Hall, a member of Pentos Construction Group. Appointments made within the Pentos Construction Group are Mr. Tony Thomas as managing director of Clifpan, having been sales director of Austin-Hall. Mr. Alwyn Chappell is now production director of Austin-Hall and Mr. Brian Feeney sales director of that company, succeeding Mr. Thomas.

Mr. F. Ward has been appointed a director of JOHN CARR (DONCASTER).

Mr. R. Slater has retired from the Board of WRESSOE.

Mr. W. Adams has resigned from the Board of GRINDLAYS BANK.

Mr. J. A. McCleery has retired from the Board of BICC.

Mr. Marcel Cueni has rejoined the PORTMAN HOTEL as controller and is on the executive committee which runs the hotel. Mr. Cueni joined the hotel in 1975 and then moved within the group to the Intercontinental at Hyde Park.

Mr. Peter Stevenson, a director of Noble Grossart, has been appointed a non-executive director of the Board of WM. LOW AND CO.

Mr. Ever J. Small has been appointed chairman of PAKISTAN INTERNATIONAL AIRLINES.

Mr. Maurice Parsons has been appointed regional director of the eastern region of TELCO INTERNATIONAL and Mr. Jack Honey has become general manager at Warrington. The company is owned by the National Freight Corporation.

Mr. David Stevenson has been appointed leisure sites director of HORNSEA POTTERY. He leaves leisure sites general manager in July last year.

The WARNER-LAMBERT COMPANY has elected Mr. George Hromadko as vice-chairman of the Board, financial affairs. Formerly senior vice-president and treasurer, Mr.

This announcement appears as a matter of record only.

November 1978

Superintendencia do Desenvolvimento do Nordeste (SUDENE)

¥20,000,000,000

Term Loan Facility

Guaranteed by
The Federative Republic of Brazil

Managed by
The Nippon Credit Bank, Ltd.

Co-Managed by
The Sanwa Bank, Limited

Provided by
The Mitsui Trust and Banking Company, Limited

Asahi Mutual Life Insurance Company
Crédit Lyonnais (Tokyo Branch)

The Daiwa Bank, Ltd.
The Dai-ichi Mutual Life Insurance Company

Lloyds Bank International (Tokyo Branch)
The Meiji Mutual Life Insurance Company

Nippon Life Insurance Company
Sumitomo Mutual Life Insurance Company

The Bank of Tokyo, Ltd.
The Long-Term Credit Bank of Japan, Limited

Mitsui Mutual Life Insurance Company
The Nippon Trust and Banking Co., Ltd.

The Toyo Trust and Banking Company, Limited

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GENERATORS
Over 400 sets in stock
10VA-700VA
Buy wisely from the manufacturer with full after-sales service.

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Agent Bank
The Nippon Credit Bank, Ltd.

THE IRISH PRESS GROUP DUBLIN
has a vacancy for a FINANCIAL JOURNALIST
The successful applicant will join the small team providing business news, company reports and economic data for the three papers in the group. He or she will have the ability to analyse financial reports, to interview sources and to become conversant with all aspects of Irish business and commerce. The position would suit a person who has had experience of financial reporting in a publishing concern or an enterprising graduate who has special talent in this area. Salary will be in accordance with a newly-revised house agreement. It will be in the £3,000 to £3,500 range, the higher scales being applicable to those with proven experience. Applicants should, in the first instance, apply for an application form from the Personnel Manager, Irish Press, 15 Wilton Road, London SW1V 1LT. Completed application forms, with samples of published work if available, should be returned to the Personnel Manager on or before Friday, February 16, 1979.

SECRETARIAL APPOINTMENT
EXECUTIVE SECRETARY/PA
A high-calibre Secretary/PA is required by the Chairman of an international shipping company. The post, which is London-based, calls for enthusiasm, initiative, organising ability and a well-developed sense of responsibility. The successful candidate must be prepared to work flexible hours and should have experience of work at company director level, a good educational background (including ideally a degree in business studies) and preferably should be fluent in English. The work is interesting and varied—the Chairman travels extensively, has other business interests, farming being among them—and the conditions are congenial. Salary and conditions by agreement. Candidates are invited to telephone: 01-405 9366.

DESIGNATE ACS
CB-CB.250 + CAR +
Here is the opportunity to join this well known design and engineering firm. The successful candidate will be responsible for the design and construction of the person who will take stock exchange experience.
Contact: John-An-Rose on 01-828 8055/7361

SECRETARY/PA
up to £5,000
This is the complete job for someone who wants to be thoroughly involved with confidential secretarial duties. Director level but also desires executive and administrative responsibilities with career opportunities. Some financial or analytical work could be added but this is not essential. You'll be working in superb modern offices and there is a very long list of excellent fringe benefits which include a house purchase scheme and five weeks holiday.

TRUST PROPERTY?
C. £7,500
Be secure for life as the other ACS in this family property investment plan. The successful candidate will be responsible for the design and construction of the person who will take stock exchange experience.
Contact: John-An-Rose on 01-828 8055/7361

SENIOR SECRETARIES
Recruitment Consultants,
172 New Bond Street, L1.
01-489 0082 01-483 8907

Expanding Stockbrokers
In London Wall have vacancies in their general office for clerks with some S.E. office experience age 17-20, they also have a vacancy for persons with Arbitrage/Foreign settlement experience age 20+, salaries for both positions are negotiable and are plus the usual fringe benefits.
Write giving age and experience to: Box A6637, Financial Times, 10 Cannon Street, EC4A 3DF, or Phone 624 5768 for an appointment.

CITY LUXURY
£5,000 +
Surround yourself with works of art in this young, extrovert, professional atmosphere. As secretary/PA to Main Board Director you'll deal with executives of your own calibre and handle your own affairs. Good perks. For details call Judy Drapp on 437 1672

WANTED
Egyptian Graduate
Mid 30's. Diploma in Textile Technology, a U.K. resident for seven years. Ten years' practical/managerial experience in the spinning, knitting, weaving, dyeing and clothing industries. Currently, a technical manager in a dyeing/printing/finishing mill in south of England. Seeks interesting, remunerative work with challenge and potential in Europe or the Mid East.
Write Box A.6634, The Financial Times, 10, Cannon Street, London, EC4A 3DF.

LEGAL NOTICES
No. 00221 of 1978
No. 00222 of 1978
No. 00223 of 1978
No. 00224 of 1978
No. 00225 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADEBINGLE LIMITED, DALECENTRE LIMITED, ESMER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDER PERKINS LIMITED whose registered office is at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 23rd day of February 1979, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, or that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

CLUBS
EVE, 189, Regent Street, 724 0557. A. A. Lark or All-28. Regent Street, 724 0557. FINE, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100. GARDVILLE, 69, Dean Street, London, W.1. NEW, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100. Mon.-Fri. Closed Saturdays. 01-437 6452.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Jason Crisp on how a British engineering giant is 'simplifying' its business

GKN: getting down to nuts and bolts

ONLY a few years ago it would have been tantamount to heresy within Guest Keen and Nettlefolds to have viewed the Government's takeover of its steel activities...

investors are increasingly looking at a company's business and are happier if it is more identifiable. One problem over the ten-year period following the nationalisation of steel was that the company still hankered after that metal...

we must concentrate ourselves more. A company should know what it is good at and go for it. Easier said perhaps than achieved. But GKN decided that it needed to develop a comprehensive long term strategy and also to re-organise if it was to move towards achieving it.

- COMPANIES SOLD Cleveland Lead to Billiton UK (March 1977) Boscombe Engineering to 4 employees (August 1977) BKI Cathodic Protection Division to ICS Alloys (January 1978) Carlson Ford to APV Holdings (October 1978) Firth Cleveland Ropes to John Shaw (November 1978) COMPANIES CLOSED (Jobs lost 1,900) GKN Sankey Plastics Division (September 1978) GKN Sankey Bumper Division (September 1978) Precision Forgings (June 1978) Abercrombie works of GKN Nuts and Bolts (June 1978) Frederick Mountford (December 1978) Hot Nut Works (December 1978) Automotive Fasteners (Glasgow) (March 1979)



Trevor Holdsworth: "A company should know what it is good at and go for it."

The constraints on the lower levels of management continue to be financial performance and overall company policy. The strategic planning process, although well under way is far from complete. One decision which has been made is that the 120 separate businesses in which GKN finds itself are too many. The long term objective is to limit the company's activities to five main themes.

Under this generic heading are four main businesses: steel services, which is largely stock holding; after sales automotive parts; distribution of industrial fasteners and components; distribution of hardware—all makes from ironmongery to garden tools—to retail outlets. Almost all of the wholesale business has been defined as a maximum support area by GKN. The exception is steel stockholding where it already is the largest in the country, with over 20 per cent of the market.

ponents—which might be described as the apple of the corporate eye. GKN's products naturally require markets within large, mature and highly developed economies. And as it simplifies its business so it needs to expand its markets in which its products are sold.

WITH SMALL business in the U.S. accounting for over 97 per cent of the total number the assumption can be made, and often is, that small business in the U.S. is thriving. However, a recent report issued by a small business subcommittee of the House of Representatives has concluded that "economic concentration, riding the tide of an unprecedented merger wave, and monopoly power continue to gnaw away at the foundation of our competitive economic system—the small business."

the evidence and data lead to the inevitable conclusion that these good-faith efforts on the part of the Federal Government to aid small business and reverse the trend towards "bigness" have failed. Since statistics are there for all to use, optimists have pointed to the increasing number of small firms (except in manufacturing) and the decline in their failure rate, as a sign of small business health.

200 largest U.S. manufacturers increased their share of market assets from 47.7 per cent to 58.8 per cent. Census bureau figures show an 8 per cent increase in the percentage of sales by the largest manufacturing firms between 1963 and 1972, and a steady decline in the percentage of sales earned by smaller firms.

panies now own approximately 60 per cent of the nation's 1,782 daily newspapers. The 404 brewing companies in 1947 had declined to 108 by 1972. The number of independent dairies decreased 54 per cent between 1964 and 1976, and the estimated 40 coffee roasters today compare with 281 in 1963.

discussed it means there is always someone responsible for any aspect. The result of this re-organisation is first to ensure that the overall strategy of the company comes from the centre, and second, to improve communication laterally within the company. It continues to be GKN policy that management decisions should be made at the lowest applicable level—all the operating companies are still profit

had been hoping for. The country's conservative drift has produced a number of new members of congress espousing "neo-conservatism" which favours small business over large industry. Like Senator Edward Kennedy are also reportedly looking favourably on bills to help out small business.

the small business administration. A White House conference on small business is scheduled for January 1980. The great weaknesses in the American economy—inflation and declining productivity—are very much responsible for the renewed interest in small business.

Traditionally, smaller firms have been the leading innovators who produced the technological advances which spurred productivity. A national science foundation study for 1953-78 found that small firms produced about four times as many innovations per research and development dollar as medium-sized firms and 24 times as many as the largest firms.

New efforts to stop decline of small business stake in U.S. economic pie

BY NANCY DUNNE, IN WASHINGTON

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

MACHINE TOOLS Handling time cut by controller

NUMERICAL control can open up many new possibilities in project planning and in work shop production efficiency, yet appraisals of new or replacement equipment are frequently based on performance comparisons with existing units exclusively.

Reducing noise

MANAGERS OF machining shops are required by a number of recent Acts to reduce the amount of noise workers are subjected to during the course of the working day.

Programmed cutting

SAWING WITH a minimum of material wastage is possible with a program controlled fully automatic cold saw put on the market by Rivers Machinery.

Working on complex components

INTENDED primarily for small batch chucking of parts with complicated profiles of up to 130mm diameter, but capable also of turning workpieces up to 350mm between centres, a new computer numerically controlled centre and chucking lathe is fitted with a new lift-up full-front splash guard which combines safety with easy access to the machining area.

Devices to gauge the gears

PROMISING to be one of the largest displays of gear measuring devices ever shown in the UK is the selection appearing on the stand of George Kuikka, Hill Farm Avenue, Leavesden, Watford, at Inspec 79 (April 2-6, NEC, Birmingham).

Shelves slide into place

BECAUSE new design shelving brackets are simply slid into a backplate which has been screwed onto a wall, there is no need for up-rights to be used in a shelving system available from Elevating Living, 618 King's Road, London, SW6 2DU (01-736 2223).

Automation Logs events and analyses data

CONTINUOUS UNATTENDED event logging coupled with a data analysis service are offered by Penumbra Systems, 9, Burners Lane, Milton Keynes, MK11 3EA (0808 567114).

Construction Traffic control barrier

A RISING step traffic control barrier called Hydrakerb, built to British Standard 4499, has been put on the market by APT Controls, 77 Scrubbs Lane, London, NW10 1JH (01-890 0111).

Plastics Bike wheel made in one operation

A COMPLETE bicycle wheel in a copolymer plastics material has been evolved by Bernard Mozzi Motors in Italy by injection moulding circular frame, spokes and hubs in one operation.

Sawmills in Honduras

ENSO-GUTZERT OSAREYHTO and Corporación Forestal Industrial de Olancha S.A. (Corfina), of Honduras, have signed an agreement concerning technical co-operation in connection with the building of at least two sawmills, which constitute the first phase of the so-called Olancha project.

Pollution Picks up spilled oil

IN JANUARY, a London Chamber of Commerce mission to Singapore, Malaysia and Thailand showed a range of mechanical oil pick-up systems designed to recover oil spillage—from accidents on factory floor to harbour, estuary and coastal spills—with considerable success.

Power New circuit breakers

SIEMENS reports that it has introduced a new generation of circuit breakers to accommodate "many differing national standards and practices."

Plastics Keeps the bench clean

DEVELOPED BY Microflow Pathfinder, Minley Road, Fleet, Hants (02514 28441) is a blown air downflow workstation for use in the electronics, medical, pharmaceutical and industrial fields where the end product has to be free of possible from airborne contaminants.

Proximity switch

OFFERED BY Robertshaw Skil, Greenhey Place, East Gillibrand, Walsley, Lancs (0695 23671) is a solid state proximity or limit switch operating on the capacitance principle.

LAING make ideas take shape

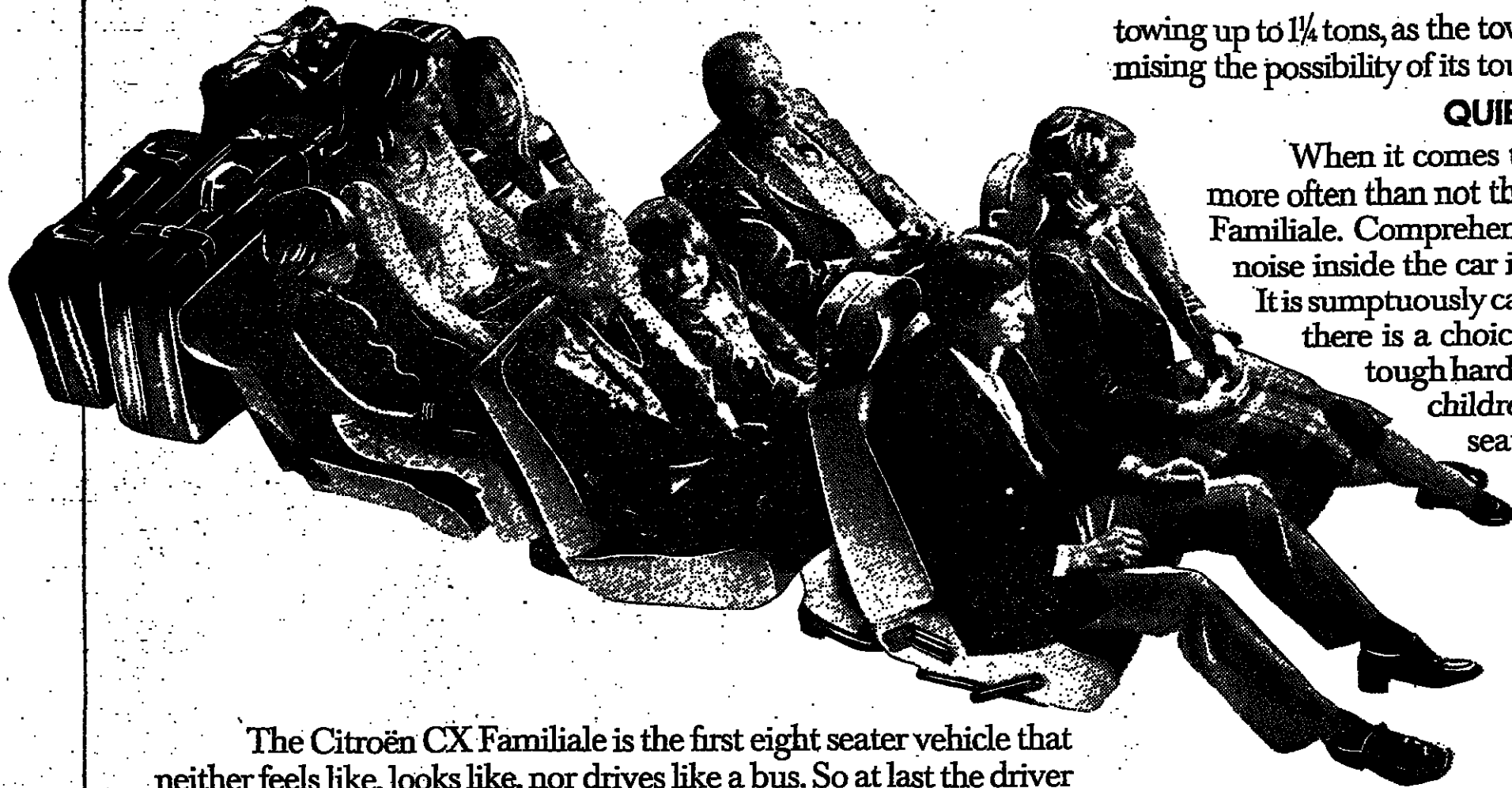
Research Pipeline repair study

PROBLEMS of repairing pipelines under pressure are to be studied for two years by Battelle's Houston Operations and Columbus Laboratories, provided that some 17 companies agree to invest about \$5,000 a year in the work.

Components

When a plate fitted to the moving part that is to be stopped approached the unit, a semiconductor switch operation will stop the motion.

CITROËN INCREASE FAMILY ALLOWANCES.



The Citroën CX Familiale is the first eight seater vehicle that neither feels like, looks like, nor drives like a bus. So at last the driver who on occasion needs a large passenger carrying capacity has a civilised and economical alternative to either a second car or public transport.

PASSENGERS OR PARCELS?

The Familiale's seating is arranged in three rows. Two bucket seats in the front row, three individual bucket seats in the second row and a bench seat for three in the back row. And it is a pleasant surprise to discover that all the seating is of the same exceptionally high standard that has made CX a byword for comfort.

Of course if all the seating were fixed and static, the Familiale's carrying capacity would not be used to the full most of the time. So the entire back row folds flush down to the floor and allows the Familiale to be turned into a five seater estate car instantly, with greatly increased luggage space.

A TOUGH CUSTOMER.

Seats apart, the Familiale is identical to its stablemate, the CX Safari Estate. Those who are familiar with the Safari will know just what good news that is. But for those of you who don't, it means that you can load well over half a ton into the Familiale, arrange it any way you wish, and still the car will remain level. As a result roadholding remains outstanding whether the Familiale is fully loaded or not.

This, of course, is due to Citroën's unique hydropneumatic suspension. All four wheels are independently suspended, and height correctors automatically adjust to ensure the car remains at a constant height from the road. This system makes for a superlatively comfortable ride even over the roughest roads. The self-levelling aspect of hydropneumatic suspension also ensures trouble-free

towing up to 1¼ tons, as the tow-bar is kept at a constant height, minimising the possibility of its touching the road on sharp hills and dips.

QUIETLY DOES IT.

When it comes to interior refinements, estate cars are more often than not the poor relation. This is not true of the Familiale. Comprehensive soundproofing ensures that any noise inside the car is due almost entirely to its occupants. It is sumptuously carpeted throughout, and for upholstery there is a choice between luxurious jersey cloth and tough hardwearing Boxline, ideal for sweet loving children and mud loving dogs! The front seats recline fully and have adjustable detachable headrests. The driver's seat is also height adjustable.

VariPower steering is standard, making the Familiale a completely effortless car to park even in the most confined spaces. But VariPower also has a unique advantage over other power steering systems.

The steering gets progressively firmer with increasing feel as the Familiale goes faster, so long distance high speed cruising is much less tiring.

Another relaxing feature for the driver is the imaginative yet sensible fascia layout. All the instruments and the comprehensive array of warning lights can be seen at a glance and immediately understood through the distinctive single spoke steering wheel.

A TOUCH OF CLASS.

Performance too, puts the Familiale into a totally different class. Top speed is a swift 108 mph. Getting there is simple, especially with the optional C-matic transmission. Yet petrol consumption is quite extraordinarily low for such a big car. For example, you can confidently expect to achieve 30.7 mpg (9.21/100 km) at a constant 56 mph (90 km/h)*.

SAFETY FIRST.

There are safety features in abundance. Fully-powered disc brakes always ensure full braking efficiency. Both front and rear ends are energy absorbing, helping to prevent damage reaching the rigid passenger compartment. In harness with its surefootedness, these features make the Familiale one of the safest cars ever seen on the roads of Britain.

A word of reliability. Underneath the Familiale's classic lines is a ruggedness of construction easily the equal of that found in its uglier competitors. Major services are only required every 10,000 miles. In addition, like every CX imported into Britain, the Familiale is given an extra thick underbody seal to keep the British climate out.

All in all, the Familiale is arguably the best family car you can buy. Because, with its uniquely flexible seating arrangement, it can take on any number of shapes and sizes. Just like families.

CITROËN CX FAMILIALE.



CX 2400 SUPER FAMILIALE (ILLUSTRATED) £6241.
 CX 2500 DIESEL SUPER FAMILIALE £6591.
 CX SAFARI 5-SEATER ESTATES, 2400 SUPER £6128, 2500 DIESEL SUPER £6481.

CITROËN

*SIMULATED URBAN DRIVING 18.5 MPG (16.5 L/100 KM), CONSTANT SPEED DRIVING 75 MPH (120 KM/H) 22.2 MPG (12.7 L/100 KM). PRICES INCLUDE CAR TAX, VAT AND INERTIA REEL SEAT BELTS, BUT EXCLUDE DELIVERY CHARGES (576) AND NUMBER PLATES. (OPTIONAL C-MATIC TRANSMISSION PETROL ENGINES ONLY £305) PRICES CORRECT AT TIME OF GOING TO PRESS. ALL CITROËN CARS HAVE A 12 MONTHS UNLIMITED MILEAGE GUARANTEE. PLEASE ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR THE NAME AND ADDRESS OF YOUR NEAREST DEALER. CITROËN CARS LTD., MILL STREET SLOUGH SL2 5DE. TEL: SLOUGH 23808.

LOMBARD The unnecessary commission

BY COLIN JONES

NO ONE should have been surprised by the Government's attempt to widen the discretionary powers of the Price Commission by removing the profitability safeguards. Doing something about prices has been the automatic reaction of every government in the past decade and a half when they have thought it was politically necessary to be seen doing something about inflation. The more interesting question to consider is whether we need to have a Price Commission at all.

Surrogate

The latter argument has been developed further by Mr. Roy Hattersley, the Prices Secretary, since he re-constituted the Price Commission on the lines of Lord Cockfield's "permanent facility" in 1977 when the Government's formal price controls were dropped. First, the consumer needs an assurance that prices are not increased when there is no necessity for them to be increased. Secondly, we need a surrogate for market forces to encourage efficiency in areas where the cold wind of competition is not blowing very heavily.

These may seem persuasive words but they discount or ignore three cardinal points. First, they gravely underestimate the extent to which competition prevails. It would be charitable to overlook Mr. Hattersley's choice of words in the second reading debate on his Bill last week when he said that the Commission's work is most valuable and important when it looks at prices in sectors that

THERE WAS a certain irony last week when I took to lunch the director of the Consumers' Association—overlords of the Good Food Guide. It wasn't the sudden panic that overwhelmed me when for a split second I thought that my club's head chef was off duty or the silence that seemed to envelop the dining room when the waiter handed me the wine list to choose. It was later, when I began to call in the hi fi shops to make a hasty purchase of a portable audio-cassette recorder (to replace an old one) which was needed for interviews this week in New York.

What, I wondered, would the director of the Consumers' Association have said if he could have heard the responses from shop assistants in my quest for a hi fi tape recorder? I went only into the very largest hi fi shops where choice is extensive and, it is hoped, some experience resides behind the counters. "I wish to buy a compact-cassette portable tape recorder—small enough for a coat pocket, adequate to record a number of people seated round a table. Which one would you recommend?"

The answers ranged from the immediate ("I only work here") to the disinterested—the man who did not recommend the Sony, and coincidentally didn't have one in stock; but he later agreed it was very good because he

relatively unimportant. Irrelevant and possibly even misleading. As long as it does its job adequately for monitoring speech, if higher quality is later needed—such as for replay of the cassettes at a conference on larger equipment—the only important criterion is its recording quality. It is more difficult and expensive to build high quality, high power replay into a small

FILM AND VIDEO BY JOHN CHITCOCK

recorder as well as high quality recording: the two functions are, to some extent, independent of each other. It is even conceivable but unlikely that a recorder with poor quality replay has had the quality built in at the point where it matters most—on the recording side.

Frequency response on the specification is of little importance where only speech is being recorded. A range of no more than 200 to 5,000 cycles per second will yield quite satisfactory results, but music needs at least 50 to 8,000 cycles per second to give manufacturers ears. Few if any manufacturers admit to figures worse than the latter these days, but if they are not expressed in relation to a decibel measurement (say plus or minus two decibels) the evenness of response throughout the range, they are possibly meaningless: a response up to 20,000 is of little use if its power

is unnaturally low relative to other frequencies. Most specifications nowadays express frequency in numerically identical units of hertz (and kilohertz) and cycles per second are a symptom of old age.

When buying a larger tape recorder, other considerations become important, especially where quality of reproduction is a high priority. Cassette tape is not the ideal medium for hi fi recording and reproduction because the tape speed is slow (1 1/2 inches per second) yielding lower frequency response; and its narrow width (1/2 inch) means that less area of tape is available for the recording, so that its strength will be lower relative to the inherent grain of the particles and the gain of the recorder itself. Hence a poor signal-to-noise ratio.

The larger 1 inch tape recorders, operating at 3 1/2 inches per second, or more, are therefore first choice where optimum quality is required. In this case, other specifications which may be important include: separate output socket for connection to a hi fi amplifier; the built-in amplifier on a tape recorder is rarely so good; a switch or bias control to cope with different types of tape coating (at least for chronic and ferric tapes—in an ideal world, the characteristics of the recorder circuitry should be matched to the type of tape used); and

Border Incident heads for the seaside

WHILE INTENDED Sandown runners were either remaining in their boxes or being sent back on the long haul North on Saturday afternoon, one of Ireland's most successful young trainers, Jim Dreaper, was reshaping his plans for Ballyross.

The Cantab gelding, thought by his handler to be a Piper Champagne Gold Cup proposition before Saturday, had just proved, in Leopardstown's Kilternan Chase, that the two-and-a-half miles of the Irish event is almost certainly his optimum trip.

For that reason Ballyross will be re-routed for a similar event at Fairyhouse in two weeks' time, before being shipped across the Irish Sea for Haydock's rearranged Embassy Premier Chase final on March 2. He gave runner-up Tarques-

day with his Gold Cup prospect. He has not sent animals to work there in the past but feels confident that the trip from Lambourn will prove worthwhile. Provided that he can get Border Incident reasonably race fit, the Fairlawne Chase at Windsor on February 21 will be that gelding's target before his tilt at the Gold Cup.

Border Incident undoubtedly has the talent to win at Cheltenham. Head is hoping that Uncle Bing will be able to take his chance in the Grand National. Uncle Bing, injured in the King George VI Chase, is slowly returning to form.

Applications for admission to the Royal Ascot enclosure should be made to Her Majesty's Representative, Ascot Office, St. James's Palace, London SW1 before the end of April.

RACING BY DOMINIC WIGAN

throughout England because of the quality of the gallops a number of trainers are looking to swimming and the seaside sands as foundation for preparation of their horses. Richard Head, whose outstanding though injury prone Border Incident has not run for over 16 months; plans a trip to Weston-Super-Mare on Saturday.

GRANADA

1.20 pm This is Your Right, 2.25 pm News, 3.20 pm Today, 3.50 pm Family, 4.20 pm News, 5.00 pm What's New, 5.15 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

HIV

1.20 pm Report West Headlines, 2.00 pm News, 2.25 pm Today, 2.50 pm Family, 3.20 pm News, 3.50 pm What's New, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

SCOTTISH

1.20 pm News and Head and Weather, 2.25 pm Family, 3.20 pm Today, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

SOUTHERN

1.20 pm Southern News, 2.00 pm Today, 2.25 pm Family, 3.20 pm News, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

TYNE TEES

1.20 pm News and Head and Weather, 2.25 pm Family, 3.20 pm Today, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

ULSTER

1.20 pm News and Head and Weather, 2.25 pm Family, 3.20 pm Today, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

WESTWARD

1.20 pm News and Head and Weather, 2.25 pm Family, 3.20 pm Today, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

YORKSHIRE

1.20 pm News and Head and Weather, 2.25 pm Family, 3.20 pm Today, 3.50 pm News, 4.20 pm News, 5.00 pm Crossroads, 6.00 pm Granada Reports, 6.30 pm News, 7.00 pm University Challenge, 7.15 pm People, 7.45 pm Oscar Peterson Presents.

LONDON

9.30 am Schools Programmes, 12.00 pm News, 12.10 pm Stepping Stones, 12.30 pm The Cedar Tree, 1.00 pm News, plus FT Index, 1.20 pm Thames News, 1.30 Crown Court, 2.00 pm After Noon Plus, 2.25 pm Today, 2.50 pm News, 3.00 pm News, 3.15 pm News, 3.30 pm News, 3.45 pm News, 3.55 pm News, 4.00 pm News, 4.15 pm News, 4.30 pm News, 4.45 pm News, 4.55 pm News, 5.00 pm News, 5.15 pm News, 5.30 pm News, 5.45 pm News, 5.55 pm News, 6.00 pm News, 6.15 pm News, 6.30 pm News, 6.45 pm News, 6.55 pm News, 7.00 pm News, 7.15 pm News, 7.30 pm News, 7.45 pm News, 7.55 pm News, 8.00 pm News, 8.15 pm News, 8.30 pm News, 8.45 pm News, 8.55 pm News, 9.00 pm News, 9.15 pm News, 9.30 pm News, 9.45 pm News, 9.55 pm News, 10.00 pm News, 10.15 pm News, 10.30 pm News, 10.45 pm News, 10.55 pm News, 11.00 pm News, 11.15 pm News, 11.30 pm News, 11.45 pm News, 11.55 pm News, 12.00 pm News, 12.15 pm News, 12.30 pm News, 12.45 pm News, 12.55 pm News, 1.00 pm News, 1.15 pm News, 1.30 pm News, 1.45 pm News, 1.55 pm News, 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THE ARTS

Sherman Theatre, Cardiff

Offenbach double bill

by MAX LOPPERT

The Welsh National Opera has dug into the vast and for the most part little-known treasure chest of Offenbach...



Julian Moyle in 'The Song of Fortunio'

Both works date from 1861. Offenbach's reign at the Bouffes-Parisiens, for which they were written (the Welsh National programme gets this wrong), was then at its peak...

In Monsieur Collin-Flahr's At Home, as the second becomes, the cutting edge of the social-satirising Offenbach is more sharply felt...

unable to appear allows much parody of Italian opera (Mr. Geliot's version gives us numbers from Norma di Neath) in the composer's most brilliant and exuberant vein...

as those in Friday's audience without much experience of the original must nonetheless have appreciated.

If there is anyone still in need of persuasion that Offenbach was one of the geniuses of 19th-century opera, a trip to Leicester

for the company's forthcoming appearances there (20 and 21 February) should prove a voyage of instruction as well as of entertainment.

To the robustly anarchic side of Offenbach Michael Geliot's particular skills would appear to be singularly well matched. There is about his Monsieur Collin-Flahr, with its broadly undertaken social satire, cracks at local targets...

(Mr. Hamilton's role of Valentin in Fortunio belonged originally to a soprano or mezzo; but as the Bouffes-Parisiens practice in these matters was evidently flexible, one can hardly complain of its reassignment.)

Art Gallery Review

Silver, Dante and wood

by WILLIAM PACKER

The New Year in the art world, put out perhaps by all this so shockingly seasonal weather, has taken rather longer than usual to get into its stride...

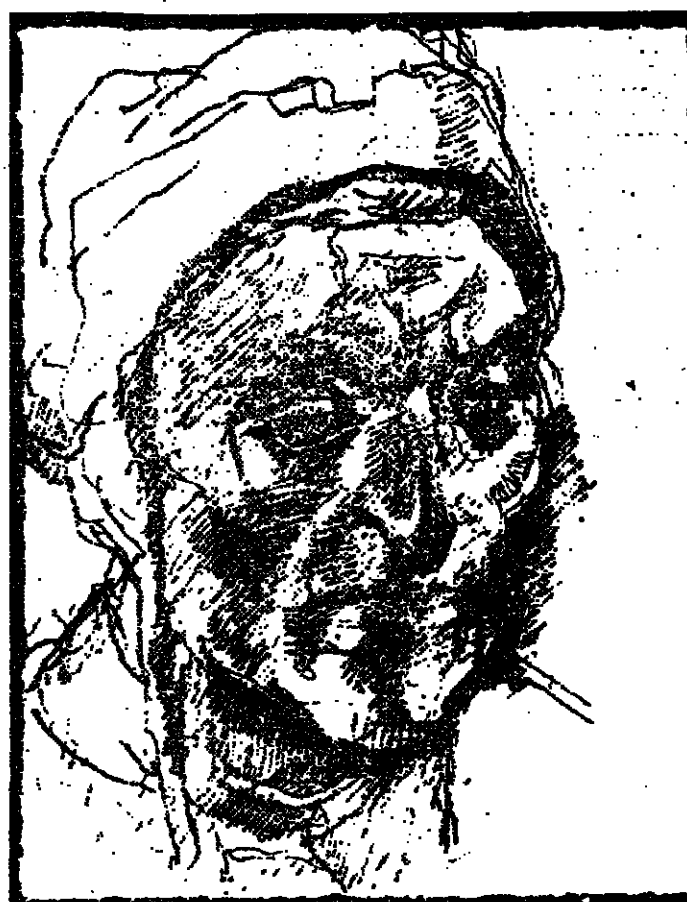
"Treasures from Chatsworth" is the admirably exact title of the current show (until March 10), for the Duke of Devonshire, Chancellor of the University...

One or two modern works start us off, notably single portraits of the Duke himself and his Duchess by Lucian Freud, and there is, quite literally, a handful of fine miniatures, that by Richard Cosway...

things notwithstanding, the emphasis of the show is placed firmly, unavoidably, upon the magnificent array of plate, the silver and the gilt, candelabra, cups, ewers, services, pilgrim bottles: extra-ordinary and extravagant objects.

The show does well to be so small and so well-chosen, for it is rich stuff and almost too much for the timid modern palate, shockingly decorative, exuberantly inventive, informed by true sculptural wit and control...

Back to London and to something very different: Tom Phillips is showing his recent work (at Marlborough until February 27), his first major show in London for some time, and very curious it is. His main preoccupation in this time would seem to have been with Dante, out of which have come a large number of drawings of the poet's head...



Drawing of the Head of Dante, by Tom Phillips

He provides for our benefit a lengthy explanation of this particular work, for its nature is essentially literary, and its subtleties demand decoding. Phillips take infinite pains over his work, and would rather they did not pass unnoticed.

great many, to equate these simple qualities with great visual gifts. They are reassured by the hard work, and the cleverness of it all; he cannot resist the temptation to spell things out—he never could. The best works in this show are the simplest, the most direct, the least self-conscious. Phillips is not known for his lightness of touch or technical finesse; yet the signs are here that should be step aside from the dominant and determining programmes by which, so far, he has restricted and justified his work...

Phillips' "Signorellis" are inescapable.

Finally, at Anthony Stokes in Langley Court (until March 3), Nicholas Pope, one of the very best of our younger sculptors, is showing a batch of his most recent work, half a dozen or so disarmingly simple piles or towers of natural wooden blocks. Pope's is an ironical approach, the simplicity of his statement and the apparently raw condition of his materials belying his innate sense of craft, his command of order and structure, and the essential refinement of his sensibility, his dandyism. Here he heaps up his timber, block on block, almost as a child plays with bricks, but leaving little to chance, for should they all crash down, as we fear they might, that would be no accident. The workness is nicely judged, the asymmetry exact, the placement certain; and from it all comes a play with form and mass, as the concealed planes dance against those facets that are revealed, and a monumental presence, that are most impressive. Pope really is our very own, and a very gifted white-man in the wood-pile.

Paris opera—1

Véronique

by MAX LOPPERT

The Opéra-Comique is active once more. Not, it is true, as in former days, when there was repertory opera most nights of the week; but with at least a substantial season of opera and ballet to bring life to the Salle Favart. Except on posters, the Salle Favart remains its original official designation, yet in the choice of programmes for 1978-79 the great traditions of the Opéra-Comique are clearly being invoked.

The third opera production of the season was André Messager's Veronique. The work is not closely associated with the house (its premiere in 1898 was at the Bouffes-Parisiens, and prior to last month's run it had been played only once, in 1925, at the Salle Favart); but its composer was one of the most illustrious musicians to undertake its musical directorship (1898-1903) and later its chief conductorship (1919-20).

Veronique, for many years his most popular work on both sides of the Channel, is a bland tale of aristocrats temporarily disguised as flower-shop assistants, set in the Paris of Louis-Philippe. Though there can be detected some distastefully patronising undercurrents, on the surface the plot unfolds neatly, with pretty good humour and sentiment, and with unimpaired mildness. It is tempting to describe the music likewise, for it has little of the

infectious catchiness of the most exhilarating French operatic entertainment, not to speak of the potent drops of social satire and hedonism poured into the mixture by Offenbach, its greatest genius. The most famous numbers—the duet "De ci, de là" with its donkey-cart rhythms, the Swing Duet, and the Rondeau de la lettre for the hero Florestan—might almost have been composed by Mendelssohn, if one can imagine his reincarnation half a century later as a composer of Parisian opéra-comique. Yes, in common with the Mendelssohn of, say, the Songs without Words, there is more to Messager than at first may meet the score-reading eye. In both, a quantity of lyrical sweetness, underpinned and restrained by nice taste in harmonic progression, is there to be divined by the skilled performer. Such a performer was the conductor of this revival, Pierre Dervaux, who, while maintaining the pace with admirable verve, showed himself responsive to the subtle inner workings of the music. If it is still a little hard to agree with Martin Cooper that Messager "raised French operetta to an entirely new musical level," after such a performance one can see what he means.

The production by Jean-Laurent Cochet was graced with the exquisitely pretty designs, a bell-époque view of the 1840s as recreated for 1979 tastes, of François de la Mothe (sets) and Rosine Delamare (costumes)—this is a team who can lay on a full palette of colours without the indigestibly overworked results all too common in British operetta stagings. Mr Cochet handled the situations and the cast with an apt combination of knowing artfulness and affectionate simplicity—except that with the near-constant participation of a troupe of dancers, the knowing aspect tended to dominate. The effect would have irritated more seriously had it not been so stylishly contrived, though in the third act a pas de quatre simultaneous with the confrontation scene of Hélène-Véronique and Florestan was a bit hard to take. A very attractive cast was led

by the bright young talents and good looks of Danièle Chlostawa (Hélène) and François le Roux (Florestan) — her voice a soprano forward without thinness, his a baritone-clear, limpid, and supple. Leonard Pizzino (Loustot), Marc Gausorgues (Séraphin) and Amick Duette (Agathe) gave their numbers with ease and charm; Michel Roux, his 30th anniversary on the Opéra-Comique stage not far off, was an ebullition of high spirits as Coquenard, florist, elect of the Garde nationale, and bourgeois (how much more sharply Offenbach would have characterised him!). The spoken dialogue, trimmed down but still plentiful, was handled with the liveliness that seems to come naturally to French singers.

Kenwood House

Beethoven cycle

by DOMINIC GILL

In addition to their regular spring and summertime list of recitals and concerts, Kenwood House have for the first time this year mounted a winter cycle in the Orangery: eight piano sonatas of Beethoven, on every Saturday and Sunday evening this month.

The pianist is Roger Woodward, whose often commanding, sometimes erratic ways with Beethoven are by now well known to London audiences. There are many ways of dividing and ordering the sonatas, and each way has its virtues. For this cycle, Woodward has chosen to give them chronologically, keeping all of the early opus sets together in each

of the first four programmes. It was a brave decision: to launch straight from cold into the first ten sonatas on two consecutive evenings is no small task—there is no music in the whole of the piano literature more fiercely demanding of the closest focus, or more perilously exposed.

He began on Saturday evening with uncharacteristic reticence, and understandable nervousness. Both the F minor and the A major sonatas of Op. 2 emerged as little more than opening flourishes, experiments with the acoustic, testings of the air. By Op. 10 No. 3 he had relaxed, and got the measure of the music and the hall (and the piano lid had sensibly been raised from half to full-stuck). There were no things like the C major sonata: a tough, brilliant resonance; much quick and subtle voice-leading; and in the adagio some weird and tricky half-peddaling, odd but none the less striking effect.

Once settled, Woodward warmed to his undertaking with vigour and spirit. He is clearly determined that the ride shall not be smooth. From op. 7 to the last of op. 14 on Sunday evening, he kept his audience on its toes—no chance at Kenwood this month to turn for a moment from the music to the pictures on the wall—with a fascinating, maddening see-saw of brilliant inspiration and doubtful, risky interpretation. But no regrets: musicians who take their life into their hands are ever more to be reckoned with than musicians who serve up at every appearance the same, safe routine. We may know Beethoven's sonatas well (and often less well than we think); but they are still today an adventure. The quirks of Woodward's performance, some penetrating, some outrageous, were not flippantly idly proposed—but serious possibilities, even at their most misguided part of the adventure, to be argued or modified, never lightly dismissed.

There were notable successes. The great D major sonata op. 10 No. 3 was one of the high points of the weekend—the slow movement a true largo of marvellous

dramatic presence, the minuet swayed with a lovely vocal lilt, the finale a splendid tour de force, light and fluent, glimmering with fire. At a slightly slower tempo, the opening presto would have made a still stronger effect—here, and throughout the two recitals, there was an unbalancing tendency to take a presto or a con brio or an alla breve wherever they occurred, too fast; to forget the fundamental principle that the listener's perception of a tempo is governed more by cunning manipulation of rhythm and rhythmic emphasis, and by touch and timbre, than by actual metronomic speed.

The first movement of the Pathétique Op. 13 was also blurred by a speedy tempo: the allegro alla breve marking is admittedly di moto con brio, but Woodward's whirlwind impetus took too much important detail with it over the edge. And to play the accompaniment to the slow movement melody staccatissimo may be just on the right side of good taste; but to play the melody at the same time allegretto instead of adagio sounds to my ears not only wrong, but actually over the borderline with kitsch. The Pathétique was provocative. But Woodward's E major and G major sonatas Op. 14 were both of them, by contrast, models of good manners and close lyrical focus, sweetly sung, beautifully shaped—the andante and finale of the G major in particular done with marvellous wit and style. It will not be a smooth cycle: but it will never be dull, and the rewards, I suspect, could also be great.

The Haydn Society. A new Haydn Society has been formed in association with the music department of Lancaster University. Its principal aims will be to promote a wider knowledge and understanding of the music of Joseph Haydn and his contemporaries. Its opening event will be an inaugural concert at St. John's Smith Square, London, on Thursday February 15, entitled Haydn—The Early Years.

ICA

Bryars & White

by NICHOLAS KENYON

Satie without the wit, Ravel without the grace; Cage without the silence; Rakhmaninov without the tunes; the recent music of Gavin Bryars and John White is all this, and less. From the extravagant dislocations of the classics in Bryars' work with the Portsmouth Sinfonia, and from the "machines" of Whites system pieces (like the Drinking and Hooping Machine) the two composers seem to have converged on a, dream-like, jumbled, toy-town idiom in which half-remembered echoes of the past fit by the listener's ear, barely disturbing the naively lo-sided constructs of the composers.

The composers perform, on tuba and piano or two pianos, assisted by Dave Smith. Their current preoccupations are made clear: late 19th-century salon music, Percy Grainger, Lord Berners and a sprinkling of jazz. In John White's series of Piano Duets the composer aimed not to use "pastiche or condescension": an apter

phrase is one he used of a piece several years ago; "the possibility of happily indulged sentimentality." These are doodles built on memories, fey but constantly ear-tickling. Basingsstoke is the word used in Rudigore to prevent Mad Margaret from slipping back into her madness; perhaps that was the only point of this four-movement tuba-and-piano piece—a bastion of whimsicality against the impossible demands of "serious" art. Bryars' pieces were more clever, especially Out of Zaleski's Gazebo, piano music staked in hypnotic repeated grooves until a cadence of Graingeresque inanity clicks us suddenly back into time and into the next groove; and the new My First Homage, a beautiful cloud of atmospheric nothingness, like a pretty mobile puffed gently by the wind, coming to rest, starting again, coming to rest, occasionally glimpsing someone else's music. Aimless, spineless, even meaningless—but oddly touching, puzzling and engaging.

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Tuesday February 6 1979

A success for Mr. Deng

THE U.S. VISIT by Mr. Deng Xiaoping, the Chinese Vice-Premier, which ended yesterday, has gone just about as well as both the American and Chinese authorities could have hoped. For Mr. Deng himself, it has been a considerable personal success. He has gained considerable exposure for his Government's policies and is generally thought to have behaved impeccably during his official appearances. Insofar as the trip was intended to be an exercise in public relations, it has achieved its objectives.

Broadside

At the same time Mr. Deng has managed to inform the U.S. public directly of his Government's well-known views about the Soviet military threat without overly embarrassing his American hosts. His first broadside, an interview with Time magazine in which he described the Soviet Union as the "true threat of war," was tactfully fired from Peking before he ever set foot on American soil. During the visit his tone varied from day to day, but he said little that he had not said before and in some cases appeared more moderate than in the past, declining, for example, to raise with President Carter the idea of an alliance between the West, China and Japan against Moscow.

Progress

For President Carter, the visit has served the useful purpose of confirming that it is only extreme conservatives who have strong feelings against his decision to normalise relations with Peking. The feared large-scale demonstrations by opponents of the policy against Mr. Deng failed to materialise. If, as has not been a triumph for the President comparable to the Camp David Middle East peace negotiations. But at least nothing went seriously wrong. On specific issues, progress appears to have been made both on Taiwan and on prospects for the U.S. offering China Most Favoured Nation status—a move that would act as a major spur to increased trade. Mr. Deng was unable to give a formal commitment not to invade Taiwan—on the grounds that it would weaken his bargaining position with the Taipei regime. But he made it clear that China does not intend to use force, a point that seems to have been pretty well taken in Washington. For his part, Mr. Deng now appears to appreciate that some sort of Congressional resolution expressing concern that the two

Chinas should not be forcibly reunited may be inevitable for political reasons. The Administration, too, which has been against such a resolution now seems more inclined to accept it, provided it is couched in moderate language.

Reassurances

Mr. Deng appears to have given sufficient reassurances about China's emigration policies—a Congressional precondition for Most Favoured Nation treatment—to improve the chances of a decision to confer MFN in the not-too-distant future. He will probably soon formalise these assurances. There could well be a similar concession if the Administration were to propose similar treatment for the Soviet Union at the same time.

In one area the visit may have had a negative impact from the Administration's point of view—the struggle to secure Senate ratification of a new strategic arms limitation with the Soviet Union (SALT 2). Mr. Deng did not actively oppose a new SALT agreement, but his warnings that the Russians are not to be trusted could put yet one more weapon in the hands of those who are against ratification.

The Russians are sophisticated enough to have been paying as much attention to what American officials have been saying during the visit as they have to Mr. Deng's attacks on "hegemonism." They know that President Carter does not share all Mr. Deng's views and they still want a SALT 2 agreement. Now that the visit is out of the way, they may finally be ready, after a decent interval, to sign the new Treaty at a Carter-Brezhnev summit.

Even-handed

That does not mean that Moscow is unworried about the longer-term consequences of the Sino-American rapprochement. Talk of four-power encirclement of the Soviet Union (by the U.S., Western Europe, China and Japan) is enough to make most Russians extremely nervous; even if it is only talk. SALT 2 will not place major constraints on their arms build-up. Both Mr. Deng and Mr. Henry Kissinger were right last week to warn that SALT 2, by itself, will not solve the world's problems. U.S. officials have concluded from Mr. Deng's visit that it is possible to pursue an even-handed policy of simultaneous detente with Moscow and normalisation with Peking. Possible, perhaps, but not easy.

Prices turn for the worse

THE LATEST wholesale price figures add a telling rider to the Chancellor's warning of inflation returning rapidly to double figures if common sense does not prevail on the wages front. For they show that the underlying rate of inflation in industrial costs and prices has already begun to increase.

Input costs

Last month the price index for materials and fuel bought by manufacturing industry rose by 1 1/2 per cent, against a mere 1 per cent in December, raising the 12-monthly rate from 5 per cent to 8 per cent. Part of this increase, it is true, can be attributed to the rise in the posted price of crude oil recommended by the oil-producing countries in OPEC. But the underlying trend in industrial input costs has been edging up ever since the summer. In the past six months the materials and fuel index has risen by just over 3 1/2 per cent whereas this time last year the trend was downward. The whole of this latest rise has occurred in the last three months; in the three months to October materials and fuel costs remained virtually unchanged.

Evident

It will be some months before the acceleration in raw material costs feeds through into manufacturers' output prices and thus into prices in the shops. But here, too, an upward trend can already be detected. The provisional figure for output prices last month happens to show the smallest January increase since 1973, with the result that the 12-monthly rate fell from 8 1/2 per cent in December back to the level of 7 1/2 per cent which had been maintained between August and November last year. But the three-monthly comparison brings out the latest trend. On this basis, output prices rose by 2 per cent as against 1 1/2 per cent

in the three months to November. These figures link up the pattern evident in recent surveys of industrial cost trends. The Price Commission has warned that it has been receiving an increasing number of applications for price increases from industrial companies. The latest trends survey by the Confederation of British Industry pointed in a similar direction, while the Financial Times monthly business survey has been showing a clear upturn in industry's inflation expectations since last summer.

Threat

The change of tone marks the beginning of new factors which had hitherto been in industry's favour—the low level of world industrial commodity prices, and the decline in the rate of increase in unit labour costs between 1975 and last summer. In the last 12 months the Economist index of industrial commodity prices has recorded an increase in sterling terms of 25 per cent while the metals index has shot up by 34 per cent. These rises may not all be held, but they reflect the change in the underlying supply/demand situation since world trade moved off the bottom of the mid-70's recession. At the same time, unit labour costs (for the whole economy) rose from an annual rate of 7 1/2 per cent in the third quarter of 1977 to 12 per cent in the second quarter of last year, after having fallen from a peak of well over 30 per cent in 1975. Comparisons between the trends for industry's labour and material costs and output prices lend some support to the view that cost increases have not been fully passed on, but have been to some extent absorbed by a squeeze on profitability—a tendency that the Price Commission's enhanced powers could make worse still. The threat to investment, growth and employment could not be clearer.

What has triggered the metal prices boom

By JOHN EDWARDS, Commodities Editor

THE COPPER market is like a wild beast let out after years of captivity. It's out of control. That was the comment by a prominent dealer on the London Metal Exchange amid scenes of frantic trading activity as market prices for all metals soared higher and higher. Since the start of the year copper prices have shot up from £770 a tonne for cash wirebars to £993 last night—an astonishing rise even for the volatile copper market. Last week alone prices rose by over £80 and yesterday they leapt again by £48, and the three-month quotation topped £1,000 for the first time since mid-1974. In the U.S., producers have lifted their domestic copper prices from 70 to 84 cents a lb during the last six weeks and a move to 90 cents for the first time ever is being widely forecast.

The surge in copper has been largely responsible for pushing up other metal prices substantially. Lead is at a record level, after a spectacular price rise. Aluminium, tin and zinc values have all risen strongly too. Among precious metals, silver and platinum have also achieved record prices.

It all adds up to a metals boom, which is sustained by numerous repetitions for industry and the Government in its fight against inflation. However, although metals are undoubtedly booming, at present, no one is certain how long the upsurge will continue mainly because there is no easy explanation as to why the copper, and other metal, markets have suddenly caught fire.

There have been no dramatic new developments this year. All traders can say, with safety, is that the mood of the market has changed after years of depression and it is that potent force—sentiment—that is fueling the explosion in prices.

Heavy speculative buying, on both sides of the Atlantic, is undoubtedly accelerating price rises. But it can be argued that the change in sentiment is only belated recognition of fundamental developments that have already taken place but were not reflected in the modest price rises during 1978. Gloomy predictions about an industrial recession developing in the U.S., and other countries, this year held back prices during the last part of 1978 when there were many influences that should have pushed the markets up. So the continued strength of demand for metals, aggravated by heavy buying from Communist bloc countries and now by speculators, has finally triggered off pent-up price movements far more violent than if there had been a steady rise over a longer period.

The rising rate of inflation, and the devaluation of the dollar last year, affected all metals. But traditionally the performance of the copper market has been the most important impact on the other metals. This is partly because copper production is linked with the out-

put of other metals and is also competitive in various uses. But the main reason for copper's influential role is that it is used so widely throughout industry internationally and the freely-traded Metal Exchange prices provide a good indicator of the state of the world's economy.

Copper is vitally important to the economies of many developing countries dependent on it to provide the bulk of their export earnings. They have suffered badly since the last boom in 1974 as a result of huge surplus stocks driving prices down to well below the cost of production in many cases. But four years of depressed prices are finally starting to take their toll.

Many copper producers have cut back production either voluntarily or of necessity. Transport and production problems, as well as political developments, have drastically reduced output from the African copperbelt. Zaire claims that output at its Kolwezi mines, after the invasion of the Shaba province last summer, has returned to normal, but the market disagrees, pointing to constant delays in deliveries. Zambia has admitted that production will be substantially down this year, even on 1978's much reduced output.

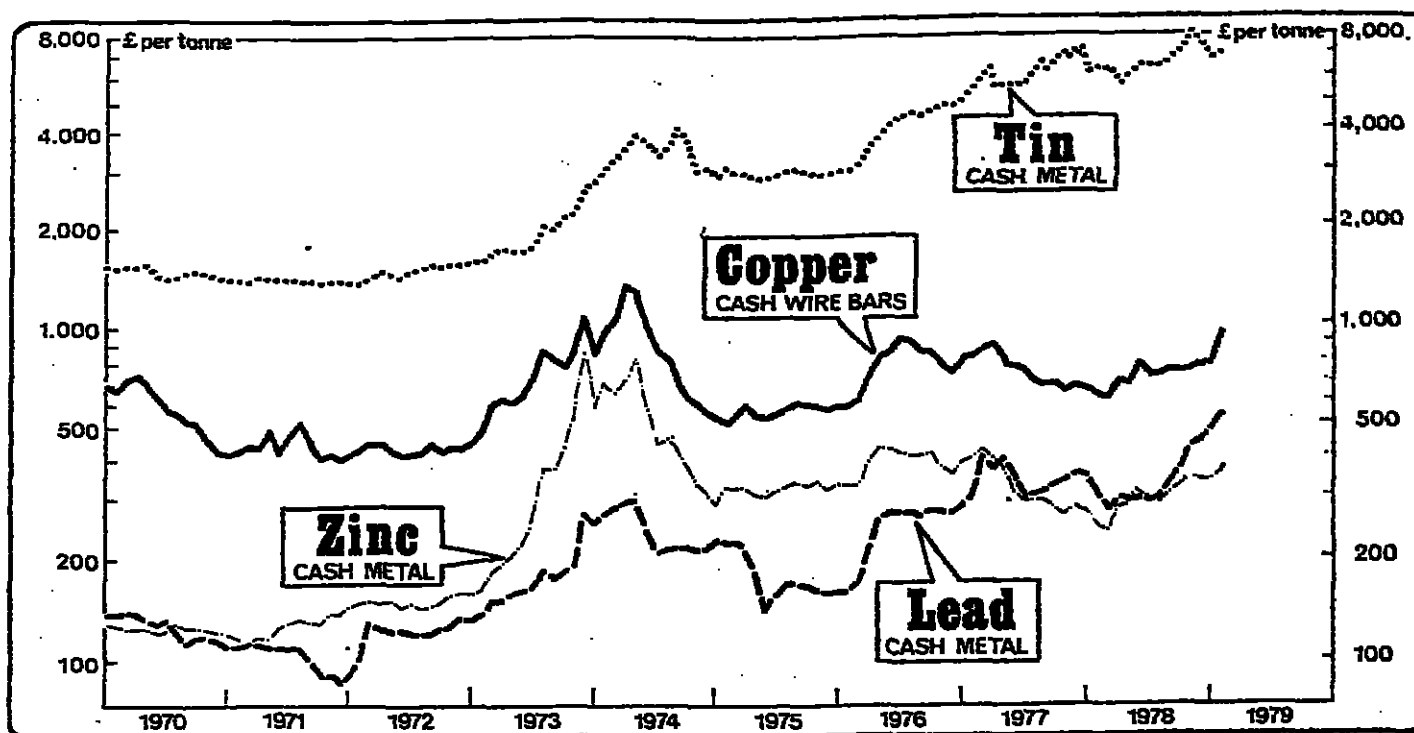
Zambia is having immense difficulty in shipping out copper production from the minehead to the outside world, despite the reluctant decision to start using transport routes through Rhodesia. A more intractable problem for both Zambia and Zaire is shortage of skilled expatriate labour which is still needed to maintain production levels. After Kolwezi expatriate workers are even more reluctant, whatever incentives might be offered.

Unrest in Africa

Political unrest threatens the rest of southern Africa, and there seems little chance at present of any significant expansion in production from the African copperbelt.

The other main source of imported copper—South America—is also threatened by political unrest and strikes. Although Chile has managed to lift output, the higher grade ores are now becoming exhausted and a considerable investment will be needed to expand production further.

The expansion in Peruvian copper production has been hit by a series of strikes and financial difficulties as a result of the low prices. In North America, U.S. production was cut back because of low prices and cheap imports. The recent surge in prices may have restored profitability to most mines there, but it will take some time for output to be increased. Canadian production has been held back by low prices, and two major strikes—International Nickel's Sudbury complex, which pro-



duce all the group's copper as well as the bulk of its nickel and Noranda's Gaspe mine.

All these cutbacks have resulted in a shortage of copper concentrates, the raw material required by smelters, and an acute scarcity of good quality "brands" for wire bars and castodes.

The surplus stocks are mainly the lower quality grades, which cannot be used by some consumers, and substantial premiums above the market price are being paid for good quality copper.

Indeed producers, when negotiating their supply contracts with consumers for 1979, were able for the first time to build in a premium price structure for the guarantee of regular supplies. This new-found strength resulted from the fact that most producers drastically cut back their supply commitments for 1979 and fabricators are still anxious to ensure that they receive adequate copper to meet their estimated requirements this year.

So far consumers have managed to keep their stocks at a very low level knowing there were more than adequate supplies available whenever required. The high interest rates recently have been an added incentive to continue this policy. Now the situation has changed. The fall in stocks, strong buying by Communist bloc and Far Eastern countries, and fears about further supply setbacks, particularly in Africa, have raised the spectre of possible shortages developing.

One of the few hard facts this year has been the steep fall in the copper stocks held in the London Metal Exchange warehouses dotted throughout Europe. With yesterday's fall, these stocks have declined by 200,000 tonnes this year. Total holdings now stand at 319,075 tonnes compared with the peak of 643,000 only 12 months ago.

The trend in warehouse stocks is usually a good indicator of the changes in the market. The Metal Exchange is essentially a residual market with the bulk of copper sales being transacted direct between producers and consumers, so movements in the Exchange stocks represent the variations in the overall supply situation.

In times of over-supply, surplus stocks flow into the warehouses in the hope of being financed by speculators taking a long-term view or by financial institutions. In times of shortage, consumers look to the Metal Exchange for extra supplies over and above their regular deliveries direct from producers. The theory is that if prices are raised high enough, any metal not immediately required will be attracted to the Exchange. During the past 10 years, stocks of copper have fallen as low as 10,000 tonnes (during the 1974 boom) to last year's peak of over 645,000.

Present warehouse stocks are, therefore, high in historical terms. But no one is quite certain how big a proportion of the stocks is held by long-term investors, not prepared to release them until prices go much higher, or already committed for delivery against previous purchases.

Certainly a significant feature of the market at the moment is that the gap between the cash price and three months quotation is much smaller than it should be to "carry" supplies for three months at the current interest rates. This has led to suggestions that a shortage of supplies available to the market could develop, in spite of the apparently large stocks.

Latest estimates, by the Commodities Research Unit, are that production of refined copper in the non-Communist world is just over 6.8m tonnes fell short of consumption by around 500,000 tonnes in 1978.

This still leaves a sizeable surplus in theory. But earlier predictions that production would rise in 1979 have been confounded by the delays in the mine in Iran, for obvious reasons, and La Caridad in Mexico because of normal teething problems.

Economic forecasters maintain that the growth in consumption of copper will slow down this year, especially in the U.S. where there has been three years of strong growth in demand. But it is admitted this downturn is now not likely to be felt until the second half of the year. In the meantime the unknown factor on the consumption side is just how much will be bought by the Communist bloc countries, especially with China embarking on its new industrialisation programme. Communist buying has already profoundly affected the lead market by removing surplus supplies and creating an acute shortage. It is likely to be an even more important influence in the years ahead in all metal markets.

Another unpredictable element in the market is the influence of speculators. In recent years speculation, both by the trade and private individuals or funds, has become very much more sophisticated and powerful.

The self-feeding upward move

Fears of inflation, and the erosion of surplus stocks, have attracted speculators back into the metal markets in a big way and large sums are reported to be coming in as the boom gathers pace. The upward move is often self-feeding with speculators using profits already made to buy more and more until the bubble bursts and

prices collapse. Trade buyers are not immune either. Is it a speculation to buy extra quantities ahead, in case of higher prices or to avoid shortages? The trick is to get it right, although the higher prices can usually be passed on to the eventual consumer.

The scenario being painted by market experts at present is that metal prices will continue to rise, with some sharp setbacks from profit-taking, during the first half of the year, thus repeating the pattern of the last three years.

What happens in the second half of the year appears to depend on whether predictions of an industrial recession in the U.S. prove to be correct or not. Three years of setbacks after the buoyant first six months has made traders fearful of being too confident the upsurge can be maintained, especially such a big rise. It is remembered that only six months or so ago the market was in the doldrums. Sentiment can change very quickly, either way.

Nevertheless it does seem that the easy times for the consuming countries are probably over after four years of depressed prices. Even at current levels copper, for example, is reckoned to be well undervalued. Although more producers will be returning to profitability, it is calculated that prices of close to \$1.25 a pound (nearly £1,400 a tonne) will be needed over a reasonably long period to justify new production expansion projects.

Whatever happens, there will be a time-lag since investment has slowed to a virtual halt in the past few years and it takes at least seven years for a mine to come on stream. So even if the present boom proves to be short-lived, it could well just be the pale forerunner of the kind of prices likely to be seen for metals in the 1980s.

MEN AND MATTERS

Double-barrelled into Europe

With 200 would-be Tory Euro-MPs scrambling for a candidacy, a number have found themselves making awkward calls from far-flung telephone kiosks to say they cannot, after all, report for their sixth selection interview in a weekend.

Among Labour hopefuls, Barbara Castle is thought to have put in for 11 seats. But many Tories have been casting their nets just as widely, resulting sometimes in frenzied journeys up and down the country.

Of the latest batch of successes, Lancashire East is remarkable in having chosen business consultant Edward Kellett-Bowman, trying his luck in two other constituencies; he has secured the fairly good chance of the Euro-seat next-door to that of his wife Elaine, selected for rather more Tory-inclined Cumbria.

"We have always worked as a team," says Mrs. Kellett-Bowman. She is already armed with a dual-purpose slogan "E-K-B for EEC."

Unusually, she put in for only one candidacy, and apart from Jim Spence, MP for Dorset West, is the only Tory MP so far to have secured a Euro-candidacy which overlaps with her Westminster seat. "I believe if we are going to make a success of the first directly elected European Parliament," she says, "it has got to cog into the Westminster Parliament. There are going to be a lot of businessmen and so on who will need guiding from those who are old hands."

Partly on the basis of the Common Market referendum, they are convinced that the North-West is actually interested in Europe. One of the more obvious reasons is the Regional Fund, from which the North-West stands to benefit a great deal. But Kellett-Bowman, an old Europe hand, insists that the electorate should not just be interested in what can be ex-



"It looks like it isn't going to stop with the lower paid."

inspired to enter battle against the English.

But Giscard will not be going. The celebrations have been cancelled, as a thinly-veiled protest at the high unemployment in the local steel-making communities. The rebuff becoming a "These ceremonies must be sober and modest. We have no right to indulge in sumptuous entertainment..."

History also repeats itself. In the Vosges they argue fluently that British steel policies are largely to blame for their own woes.

History on wheels

As soon as the Pope had left the Dominican Republic, a Texan businessman telephoned with an offer for the Jeep in which he had travelled around the country. But in Santo Domingo, the government would not be tempted. The Jeep has been declared a part of the national heritage.

Roy picks Dick

It will be announced today that Roy Jenkins has selected his former colleague, Dick Taverne, as Britain's member of the team to investigate the workings of the European Commission in Brussels. Representatives from France and Germany on the five-man team have been chosen by their governments—but in Taverne's case, Callaghan merely noted his assent to Jenkins' personal choice.

Taverne was an eager pro-European until he was eased out of the Labour Party; he is now much occupied in TV and radio work. He tells me he expects to spend several days a month in Brussels until the report is drafted.

Dollars for lives

A cash-raising campaign that unites companies as diverse as Citibank and Burger King—each has given \$100,000—

seems to have won the heart of cynical New York. Many of the contributions are merely dollar bills posted anonymously to the fund offices.

The aim is to supply every New York policeman with a bulletproof vest. Each vest costs \$1,000, so with 15,000 cops on the city's strength, that is a mammoth task. Within a week or two, the campaign has travelled a third of the way to its \$15m target.

Last year, five New York policemen were shot dead and a poll shows that 81 per cent of the force wants bullet-proof clothing—which the city is too poor to supply.

In London, such an idea sounds outlandish. New Scotland Yard only issues the vests "in special circumstances." A spokesman commented yesterday: "We're a long way from New York."

But out at the Heathrow Hotel yesterday, a select audience was showing keen interest in the "body armour" on offer from a Glasgow firm. An exhibition of defence equipment has been laid on to coincide with a conference on Defence and the Muslim World. According to the Glaswegian suppliers, their vests will stop all manner of bullets—not to mention knives and grenade fragments.

China clippers

An elaborate "Departure Dossier" has been prepared by Thomas Cook for tourists planning to visit China. The preamble says: "Rest assured it will be an experience not easily forgotten." A few pages on appears this nugget: "Some hotels have hairdressing facilities catering for both sexes. Standards vary but it is usually good for entertainment in the evenings."

We know that Peking cannot be transformed in a day—but after a tramp along the Great Wall there surely must be more fun around than a session with the barber?

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FINANCIAL TIMES SURVEY

Tuesday February 6 1979

Industrial Property

A revival in the amount of new industrial building is being pushed along by an explosion in the volume of investment and development activity by the institutions. But the market remains subject to the country's economic condition and to demand by industrialists who need to expand.

Steady demand for space

By John Brennan

A SCHIZOPHRENIC element has crept into discussions of the industrial property market in recent years. On the one hand there is ample evidence to show that British industry has been reluctant to increase its capital investment in new plant and equipment. On the other, there has been an equally undeniable revival in the amount of new industrial building, and a positive explosion in the volume of institutional investment in industrial property.

On the face of it these two sides of the same market—the depressingly sluggish rate of industrial expansion and the bullish pace of property investment and development activity—are irreconcilable. Looked at more carefully it is possible to see that this division between the effective needs of factory and warehouse tenants and the

enthusiasm of the producers of industrial property is not as clear-cut as the gross figures for new building and industrial investment would suggest. But even if the market is not quite as unbalanced as it at first appears, there remains an uncomfortably wide gap between the hard economic realities of the current industrial situation and the long-term hopes of industrial property investors.

Turning first to the more cheerful analysis of the problem, it is possible to see that British industrialists have not entirely abandoned capital investment, and that developers and investors have not been creating an unfillable mass of new buildings.

Treasury and Confederation of British Industry statistics suggest that private manufacturing investment will have risen by between 10 and 15 per cent during 1978. Manufacturing output is still barely scraping above the levels reached during the three-day week five years ago, and CBI surveys still suggest that around half the country's industrialists believe that they are operating with unused capacity. But at least there is no investment "strike" and these gross figures, depressing as they are, do not altogether negate the continual need for new industrial premises.

There may be no economic miracle to fuel demand for the reconstruction of Britain's stock of industrial property. But at the same time there is steady demand for new buildings to take advantage of changing

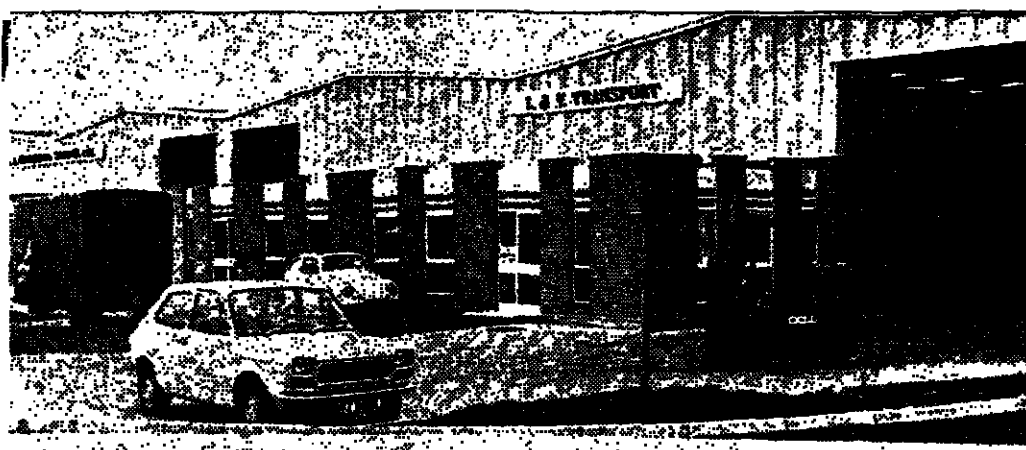
markets, changing transport systems and modern storage and production methods. However, reluctant an industrialist may be to commit cash reserves or to incur additional debt for new buildings, he cannot for long ignore these basic commercial arguments for more modern or for better located space.

Trade unions provide another sharp spur to industrialists who might otherwise be content to remain in out-dated buildings. Whatever the long-term results of the past few years of Government-imposed wage limits, one permanent side-effect of the legislation has been to extend the scope of the traditional union-management haggle over wages to include the whole range of working conditions.

As decent factory and warehouse buildings rank high on the agenda of any such negotiations, and as very many businesses have in the past taken more care over the housing of their machinery and stock than of their employees, union prompting has become an increasingly important factor in raising the level of demand in the industrial property market.

These pressures upon businessmen to consider moves into more modern buildings even during an industrial recession do not stand out from the broad-brush impression of low investment left by a cursory glance at the economic statistics.

Demand for industrial property is therefore rather stronger than a pessimistic analysis of the investment



The steady demand for new buildings to take advantage of changing markets has produced premises such as these, part of a 44-acre trading estate at Ramsgate, Kent, built in partnership with Ramsgate Corporation

figures might suggest. At the same time the supply of new property is not so alarmingly large as talk of a new development boom implies.

Such talk gives an unrealistic picture of the level of new building in the country. On the best estimates now available it appears that around 10m sq ft of speculative factory and warehouse buildings were started in 1978. Even adding in perhaps the same amount again of pre-let purpose-built units, own-account developments by industry and extensions to existing plant, we arrive at a total of new space that represents only between 1 and 2 per cent of the country's total industrial stock. As many of these new build-

ings will have been constructed on established industrial sites, and as the site-cover allowed by modern planning regulations and the need for modern transport access is considerably lower than that of older industrial estates, it is reasonable to assume that space lost through demolition would have clipped at least a third from the gross total of new buildings started last year. As suitable greenfield sites become increasingly difficult to find, the net-to-gross figures for new buildings are likely to move further and further apart.

Looked at in that way the new building boom can be seen for what it really is, a recovery to a more normal level of indus-

trial building replacement and only a marginal annual addition to the country's total industrial stock.

That summarises the cheerful approach to the current state of the market: industry may not be keen to expand, but even in recession there are always commercial or union-influenced reasons to upgrade the quality of factory and warehouse buildings. At the same time the creation of new industrial property is only of a sufficient size to match this basic letting demand, a point made clear by the national floorspace surveys carried out by King and Co. which in the past 18 months have shown a very steady reduction in the

countrywide total of available space.

The less cheerful analysis of the industrial market focuses on the longer term problems of an economy where capital investment remains at a low ebb. Any such analysis strays immediately into the realms of politics, and once there can only be based on speculation.

The worst possible scenario is hardly worth considering; a long-term run down of the economy, drastic Government efforts to reprime the pumps of industrial production with consequent bouts of either runaway inflation or socially unacceptable restraints. That recipe for economic decline would leave no sector of the financial market, let alone the property market, unscathed.

On a less dismal forecast a gradual recovery in capital investment would fairly rapidly absorb the remaining slack in the industrial property market.

In that case the relatively short time needed to carry out an industrial scheme, the more than adequate finances available from financial institutions to fund such politically and socially acceptable investments, and the surplus capacity in the construction industry could comfortably meet any upturn in demand for new space. The only real bottleneck to any wider recovery in the development cycle would be the problem of finding suitable development sites.

As the report on industrial development in this survey shows, the prices of develop-

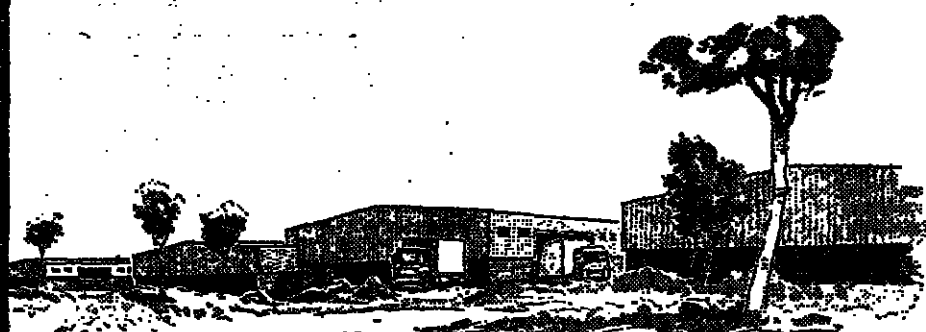
ment sites have rocketed in the past year, and developers complain of a near land famine in the more popular areas of the South East. Yet there is plenty of land suitable for industrial development now lying disused within the inner cities or blighted by local planners still obsessed with housing.

Fortunately, attitudes to planning have been, and still are, changing. Red tape still strangles many schemes at birth, and in the hands of some councils Community Land Act powers take on a frighteningly complex and obstructive form. But partnership schemes with local authorities are becoming commonplace. And if the rates of Development Land Tax were adjusted to eliminate the confiscatory elements built into the legislation at its creation, site acquisition would cease to be a major problem.

Every aspect of property tends to attract exaggerated comment. If it is a dull week, the slump is upon us. If a couple of good deals happen to come into public view at the same time—no matter when they were actually agreed and completed—then it is "boom" time again.

So it is with the industrial property market. The past year has seen no industrial development "boom," only a long overdue recovery in the level of new building. It will need firm evidence of an equal recovery in industrialists' will to invest before developers and their funding partners really get the bit between their teeth.

A look at the Industrial Property Front....



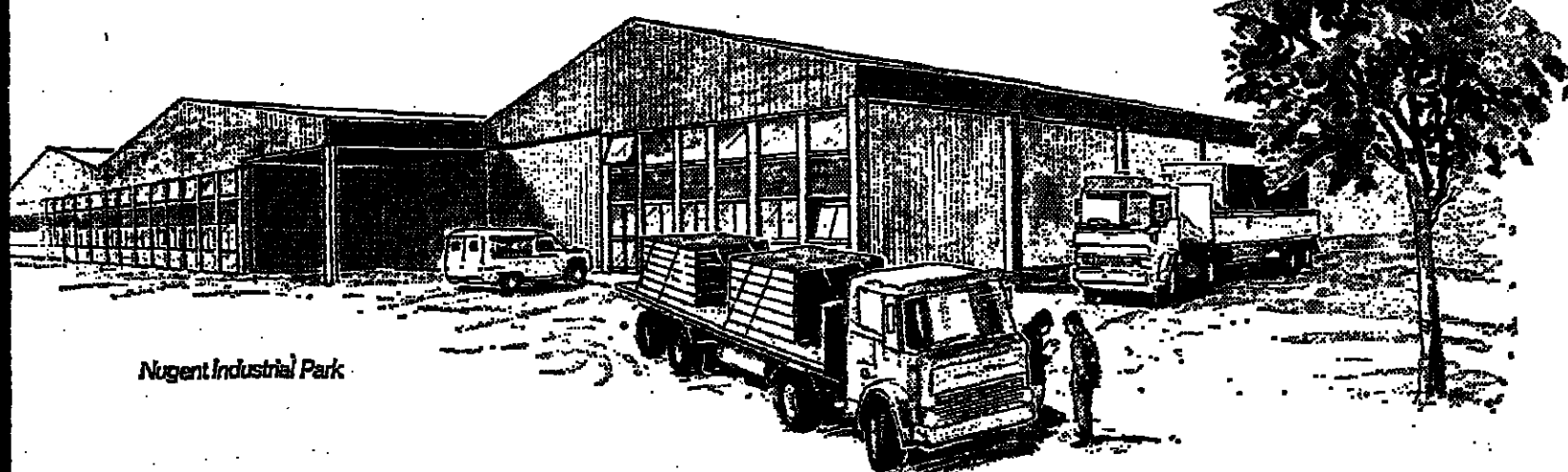
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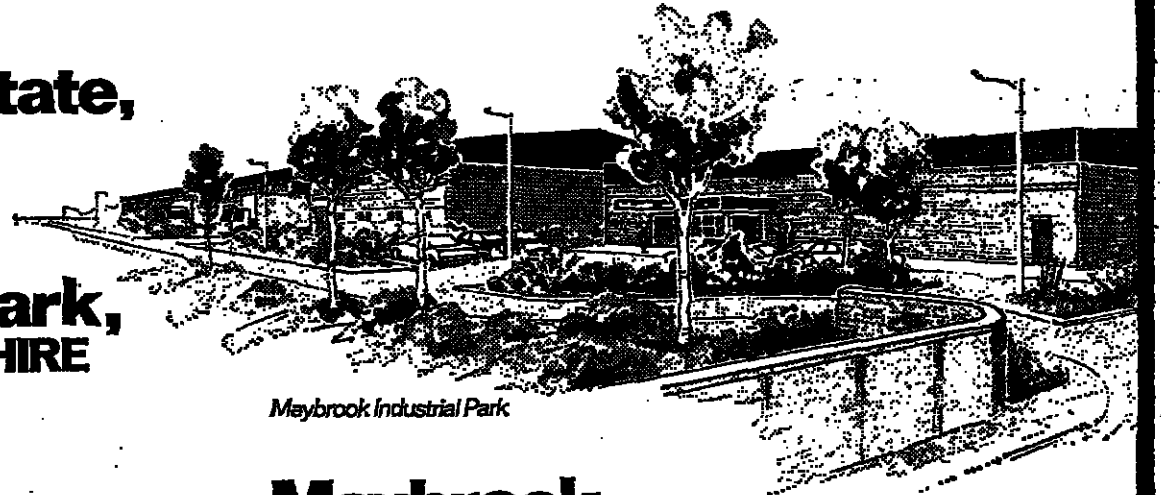
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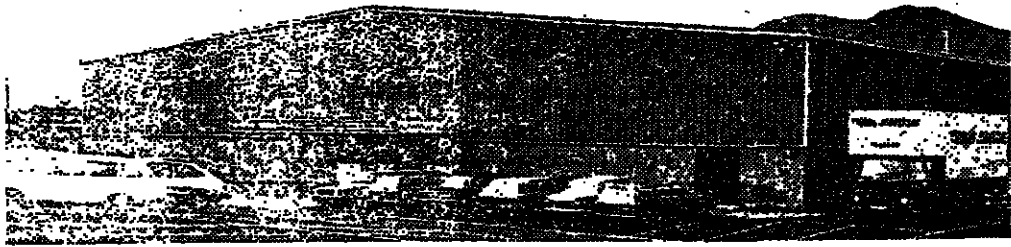


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INDUSTRIAL PROPERTY II

Regional trends

THE LATEST industrial property review published by chartered surveyors King and Co. reflects the trend in the market of an increasing take-up of vacant space and a steady build up of new construction.

The increase in construction work is even more impressive when compared with a year ago when the figure was just 5.8m square feet. And it is worth noting that there was an increasing amount of pre-let building going on in 1978 and this would be passed the King survey completely, so the trend is even more buoyant.

However, within the regional breakdowns there are obvious variations on the main theme. The increase in warehousing space in the north-west was not anticipated and rather than pointing the way to a definite trend the figures probably say more about the weakness of any survey taken on specific dates. In theory there should be no rise. The sharp increase in factory space was expected, for nearly all of the increase is accounted for by the first time inclusion of the BI closure and, of course, Courtaulds has also boosted the figure in the north-west.

Speculative

In the north-east speculative construction is never very high because English Industrial Estates controls the market, and the construction figure represents mainly EIE building. The warehouse space tends to be of the older type and factory space remains fairly constant.

Yorkshire and Humberside figures—only the second time that King has cut this region out of the North East—reflect the strong letting market, but not much building. Little new property is being built because at the beginning of last year there was a considerable surplus. Through the letting situation has improved considerably, developers have tended to hold off on new construction.

In the West Midlands there is a lot of development going on and the survey distorts the

underlying buoyant trend in building.

Meanwhile, in the East Midlands there is a sharp drop in the amount of warehouse space available and according to King it is difficult to find the 'right' warehouse in the area. Rents in some areas have picked up and there is an increase in construction.

East Anglia is a fairly quiet area as the figures show, though it does appear to be some pick up in development, but this will probably drop back again.

In Avon and the South West there is a fair amount of activity around Bristol reflecting an upswing in rent levels, though it is difficult to read very much from the figures at present.

South Wales, like East Anglia, is one of the quieter regions. The Welsh Development Agency is very active but a lot of its building is of small units of under 5,000 square feet and this does not show up in the King survey.

The London figures are very much as could be expected. The warehouse space available has declined while the increase in factory space evidently contains a fair smattering of older properties. New factories are snapped up fairly quickly.

Home Counties North is also fairly representative of the market but it is difficult to get development sites in areas around Bedfordshire and Hertfordshire.

In the Home Counties South there is a lot of activity. The warehouse figure is a little surprising as there is plenty of movement on both the letting and development fronts. Possibly the dull figures are just a reflection of movements on the day the survey was taken. Factory space is well down, however, mirroring a reasonably strong letting market.

King's general comments include the view that because of the ability to fund smaller units easily, builders are switching to smaller developments and although activity will appear to continue buoyant, on a square footage basis, new construction could be down this year.

Terry Garrett

OVERALL TOTALS OF FLOOR SPACE IN SQUARE FEET MID-DECEMBER 1978 (AUGUST 1978 FIGURES IN BRACKETS)

	WAREHOUSES (Vacant and To Let/For Sale) 27,082,000 (28,905,000)	FACTORIES (Vacant and To Let/For Sale) 37,031,000 (37,788,000)	BUILDINGS under CONSTRUCTION Occupation within 6 months 10,868,000 (10,230,000)
ENGLAND AND WALES TOTAL:			
By Regions			
NORTH WEST (including North Wales)	5,336,000 (4,834,000)	7,266,000 (5,773,000)	1,711,000 (1,631,000)
NORTH EAST	1,227,000 (1,367,000)	4,847,000 (4,812,000)	1,508,000 (1,297,000)
YORKS, HUMBERSIDE (Includ. Notts, Lincs, & Derby)	2,881,000 (3,761,000)	2,604,000 (3,397,000)	805,000 (1,156,000)
WEST MIDLANDS	2,733,000 (2,412,000)	4,640,000 (4,969,000)	1,490,000 (1,569,000)
EAST MIDLANDS	1,018,000 (1,508,000)	1,356,000 (1,232,000)	709,000 (540,000)
EAST ANGLIA	880,000 (632,000)	769,000 (684,000)	168,000 (71,000)
AVON/SOUTH WEST	1,338,000 (1,276,000)	1,258,000 (1,381,000)	392,000 (291,000)
SOUTH WALES	331,000 (335,000)	1,478,000 (1,609,000)	583,000 (448,000)
LONDON/HOME COUNTIES TOTAL:	11,318,000 (12,780,000)	12,717,000 (13,826,000)	3,562,000 (3,317,000)
A. London	6,400,000 (7,006,000)	7,911,000 (7,241,000)	1,114,000 (1,022,000)
B. Home Counties North	2,315,000 (3,193,000)	3,131,000 (3,975,000)	1,556,000 (1,264,000)
C. Home Counties South	2,603,000 (2,581,000)	1,675,000 (2,610,000)	892,000 (931,000)

N.B. Exclusions from the Totals

1. Premises with floor areas less than 5,000 sq. ft.
2. Premises still occupied but unofficially on the market to let or for sale.
3. Multi-storey mill premises mainly in the North East and North West Regions.
4. "Semi-derelict" premises where it would be difficult to justify refurbishment.

Additional Information (August 1978 Survey in brackets)

	90 (83)	WAREHOUSES	FACTORIES
A. Number of premises over 100,000 sq. ft.			
B. Approximate percentage of buildings not more than 10 years old	56 (51)		24 (20)
C. Approximate percentage of single-storey buildings	86 (24)		81 (82)
D. Approximate percentage of multi-storey buildings	14 (16)		19 (18)

Investment a ticklish problem

PROPERTY INVESTMENT is a ticklish problem for financial institutions. Unlike most other investment markets, property managers to exhibit every classical economic definition of imperfection. There are few buyers, few sellers, the product is certainly non-homogeneous, and the information flow within the market is both restricted and selective. On top of that, property has acquired an unusual degree of political sensitivity.

It matters not that schemes to direct new equity capital from the pension funds and insurance companies into manufacturing industry are generally ignored by industrialists. Trying, but failing to help finance industry just adds up to falling in the simple rhetoric of politics. And as that failure could provide a good populist stick to drive the institutions on to the next direction of investment funds, imagine the relief within those funds' investment committees when industrial property comes on to the agenda.

Industrial property has everything for the fund manager. It comes in a wider range of prices than any other prime property investment, as it is still possible to acquire a top quality unit for under £1m a price tag that would cover few shops of corresponding quality and even fewer offices. It can be developed within a reasonable time without the potential cost overruns of a 3-4 year office scheme. It has a sound tax record as an investment medium. Best of all, it is politically respectable.

Arguments

There is, however, a feeling of unease in the property market that a number of funds have become a little intoxicated by these arguments for industrialists. It is rare enough for investment surveyors to criticise their customers. But in the New Year flood of surveyors' annual reviews there were a number of cautious comments about over-enthusiastic buying by the less well advised institutions.

Leavers went so far as to talk of a two-tier market, with "the most bullish and aggressive of the funds" bidding prime industrial buying yields down as low as 6 1/2 to 7 1/2 per cent, while more conservative funds "keep away from the sector unless they can buy in the 7 1/2 to 9 1/2 per cent yield range."

To judge by market gossip—which in this imperfect of markets remains one of the best barometers of investment fashion—the surveyors' fears are well justified. There are countless stories of smaller local authority pension funds new to property investment and keen to follow the bigger funds into factories and warehouses that have paid prime prices for schemes still dizzy from their many unsuccessful trips around the investment circuit.

In Phineas T. Barnum's immortal words, "There's a sucker born every minute." And

on the fringes of the industrial property market it looks as though 1978 was a particularly fruitful year for the sucker crop.

Unwary buyers tend to hog the headlines, and the few spectacularly low yields accepted on industrial property purchases last year have tended to overshadow the more conservative nature of the rest of the market. But even the more established and more cautious institutions have been willing to see a significant erosion of the traditional yield gap between industrial and office and shop investments. To judge by the various indices of past performance they are right to re-rate industrialists. But what of the future?

The Henley Centre for Forecasting recently brought commercial property into the sights of its crystal ball and came up with some dispiriting and some encouraging forecasts for industrial property supporters.

In the view of Henley's computers, industrial rents in 1979 are likely to rise by 14.1 per cent, very comfortably above the rental growth needed to justify buying yields towards the top of the 7 1/2 to 9 per cent range. But Henley's projections of rent growth after 1979 begin to tail off alarmingly.

For 1980 the Centre anticipates average rent increases of only 6.4 per cent and the cumulative rent growth between now and 1983 is only expected to add a third to current rents. In comparison, the Centre expects Central London office rents to increase by 17.3 per cent in 1979, 14.8 per cent in 1980 and then by an average of just over 9 per cent a year until 1983.

What effect does the Centre feel these rent figures will have on investment yields? Well, it recognises the buying pressure of pension funds trying to in-

crease their holdings of industrial property, and forecasts that if prime yields now stand at 7.5 per cent, they will have eased to 7 per cent by 1983 after a temporary dip to 6.5 per cent in 1981.

It sees office yields at 5 per cent by 1983 and prime shop property selling for initial yields of around 5.5 per cent. Henley does, therefore, accept the self-fulfilling effect of the institutions' enthusiasm for industrial property. Never mind the fundamentals so long

CONTINUED ON NEXT PAGE

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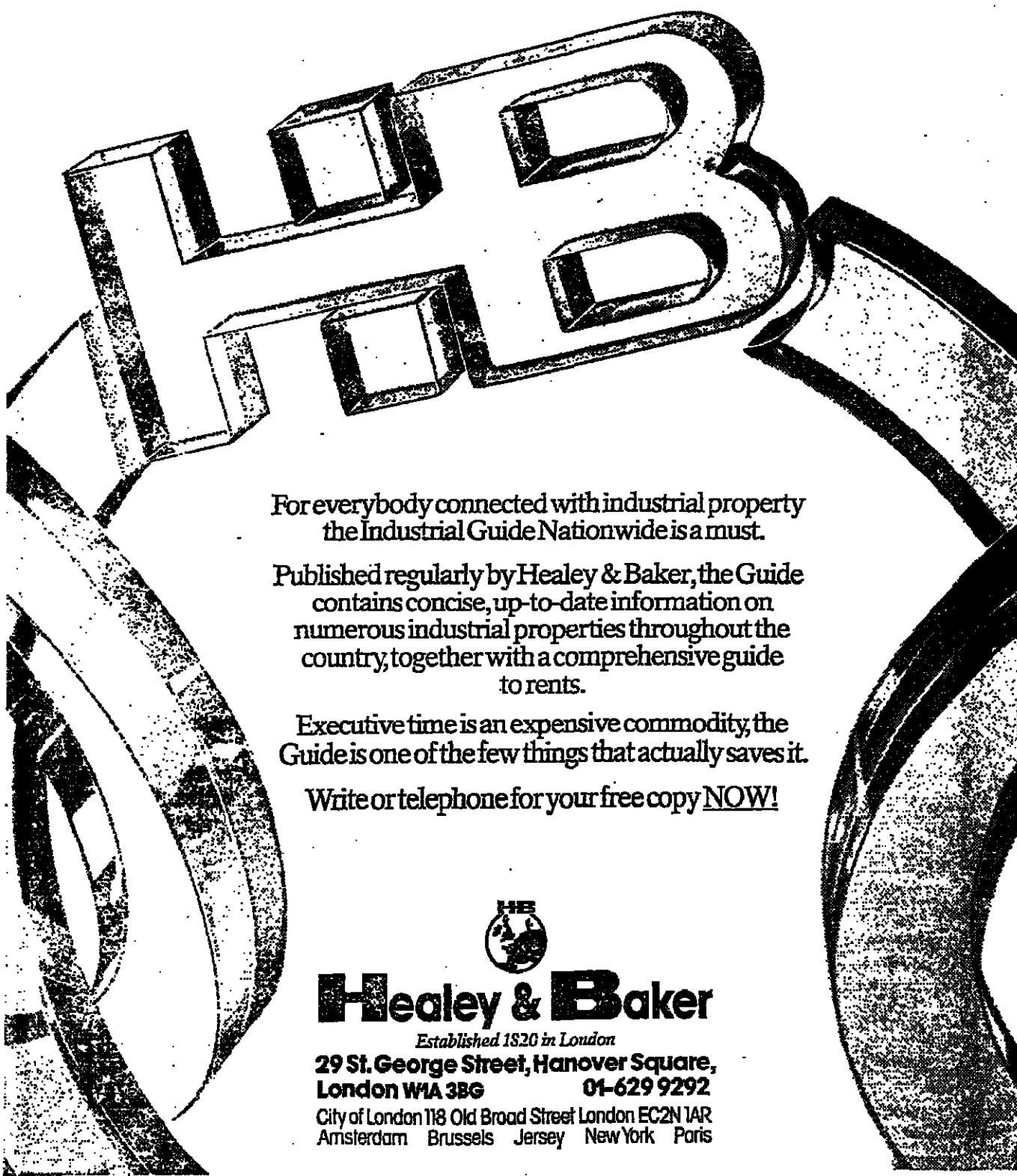
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INDUSTRIAL PROPERTY III

Sources of development finance

WE ARE FAST approaching the third anniversary of the passing of the Community Land Act (CLA) and its twin sister Development Land Tax (DLT). With the introduction of this legislation the property world and its supporters felt that traditional development as Britain knew it was over and that the role of the active property development company was a thing of the past. However, over the past three years Britain has witnessed one of the largest industrial development booms seen this century. What quantity of industrial space has been developed is very difficult to gauge but hardly a week goes by without some new industrial development scheme being announced.

Leading the way in this country have been many of the traditional industrial developers—Slough Estates, Brixton Estate, Percy Bilton, Allnatt London—along with other property companies which had little or no involvement in the sector. Yet the industrial development boom took off at the time legislation was introduced which the property sector felt was aimed at curbing its activities. At the time of its introduction critics claimed that CLA and DLT would slow down development and in certain areas bring it to a total halt with property companies assuming the role of rent collectors.

But the industrial development boom has proved this not to be the case. And in retrospect many developers now see that CLA and DLT has had little effect in curbing their activities in the industrial sector. Even the hated DLT, which taxes the value of land on the basis that planning permission increases its saleability and worth, has not hit developers as hard as one might have originally anticipated.

Developers were not slow to meet the growing demand for new warehouse and factory space as Britain's economy came through the recession of the early 1970s and industry realised that if it were to be competitive both at home and abroad then it must become more efficient.

Change

Efficiency meant in most cases new industrial space, and demand for modern warehouses and factory accommodation has been widespread throughout the UK. As production and storage became more technologically advanced during the 1970s, developers and architects had to change to meet those needs. Whereas eaves heights had been around 15 ft the demand was for higher and higher clearances and now we see the introduction of 25 ft eaves.

Another reason for the huge growth in industrial development springing from the enormous demand for space came as a result of dearer energy. No longer could distributors locate their depots and warehouses miles from the nearest motorway or huge supermarket chains have their supply points a long stretch from their outlets.

Distribution, like industry, had to become more efficient in order to make the operation more cost-effective—which is why each month a new industrial estate is announced close to a motorway or large arterial road system.

All these factors gave rise to a heavy demand for new space—a demand which developers who survived the property slump were only too glad to meet. And although the introduction of the CLA looked as if it might push developers into the role of project managers acting for the landowners, the local authorities, in fact nothing further from the truth has happened.

In fact so big has the demand for industrial space become that even the generally conservative institutions have leapt on to the bandwagon and many property trusts, pension funds and insurance companies have all started schemes of their own.

However, while development of freehold land presented no problems at all to either the traditional property developer or the institution, land which was owned by local authorities was an altogether different matter.

During the early days of the CLA many institutions made it quite clear they were unhappy about the 99-year leases which a developer would receive on local authority owned land. Some institutions told both the local authorities and property developers that they would not fund schemes on council-owned land. The leases, they argued, were far too short and that actuarially a leasehold development on a 99-year lease was not profitable over the long term.

With the average life of modern industrial space reckoned to be around 50 years the funder would only get two bites of the cherry over the duration of the lease. But land leased over 125 years gave the institution at least a third slice of the cake.

In the early days of the CLA there was a general holding back of development schemes where the developer needed funding from an institution,



The original 600-acre Slough Estate pioneered the industrial estate concept. Recently, the Slough Estates group and similar developers have found renewed demand for factory and warehouse space

and where that institution was taking an equity stake.

Threats were duly issued from all sides and councils in areas where new industrial space was desperately needed began to put pressure on the Ministers to allow 125-year leases. At the beginning of the Department of the Environment resisted these overtures and it was left to the local authorities to come to ad hoc agreements with developers and institutions that leases would be extended to 125 years. In any case many developers, in common with some local authorities, felt the CLA would only last as long as the incumbent Labour Government. As soon as the Conservatives were re-elected then they would repeal the CLA.

Today many institutions will say that where development is taking place on council owned land an option is being granted for a further 25 years on the original lease. This has made everyone happy, especially the institutions which are strongly

involved in industrial development.

Once the impasse was broken many observers of the property sector wondered aloud whether the traditional role of the developer was over and that he would simply fall into the project manager slot. It was thought developers would simply search out the schemes and put together a package for the institution which would take over the development once it was built and let.

During 1976-77 this was regarded as fair comment. Most property development companies were still recovering from the crash and were too busy de-gearing to consider taking on further debt of any kind.

The institutions were stepping in to bridge the gap left by a foundering property industry in both the industrial and commercial sectors. They were keen to invest directly into property rather than prop up companies which had over-extended

themselves during the halcyon days of 1970-73.

Apart from large institutions such as the Norwich Union, Commercial Union and Standard Life which had already established large and sophisticated property development departments, increasing pressure came from the smaller property unit trusts and bonds.

The trusts and bonds began to find themselves flush with money as the economy picked up and confidence returned to the property sector. How to invest this money became of great concern to trust and bond managers.

Pressure was already beginning to build up in the investment market where demand for prime fully let properties was increasing almost daily with the consequent fall in yields. Clearly as prices went up and returns down many of the smaller institutions could not compete on the same terms as the giant insurance companies and pension funds.

Instead they turned to industrial development, which provided them with an excellent outlet for the cash beginning to pile up. The sector was attractive from many points of view.

First, development was cheap compared with commercial space and in 1977 looked less of a risk than office accommodation, which in some areas was still suffering from an oversupply. Second, industrial development was quick. Erection of warehouse accommodation could be completed in a matter of months rather than years, as was normal in commercial development.

However, despite these advantages institutions took a fairly cautious approach to industrial development. Smaller funds like Fleming, Lazards, Hambro, New Court were not in a position to go scouring the country looking for prime development sites. They had to wait for mainly private developers to come to them with a complete package con-

sisting of the land with planning permission and the whole scheme virtually pre-let.

Property trusts and bonds were still new to the business of financing speculative schemes even at this stage. However, as industrial development took off and became more competitive the institutions had to take more chances and bend their own rules.

Fleming Property Unit Trust joined with tax expert and property tycoon Geoffrey Bradman on a large industrial development scheme at Croydon, South London. Under the arrangement Bradman guaranteed the rent of the scheme once it was completed until every unit was fully let or the agreed rent roll had been reached.

But even this had to change as the industrial development market heated up. Nowadays it is not unusual for institutions to take on speculative schemes on sites which they consider absolutely prime.

Although it seemed in the early days of CLA and DLT that the institutions and the local authorities would have it all their own way this has not happened in practice.

Many of the smaller industrial schemes brought to institutions are from private developers who want to realise an immediate profit on a development once construction has been completed. However, even this is beginning to change as private groups like Viking, Ashville and Dimsdale seek to build up their own portfolios.

Meanwhile the giants of the industrial development world continue to find their own schemes and finance without having to part with any of the equity. The boom marches on. Schemes are getting bigger rather than smaller.

The joint Haslemere/Crudens scheme in Reading covers a massive 72 acres and when finally completed will provide around 1.25m sq. ft. of industrial space. There is even talk of larger schemes on the way covering sites of 100 acres or more.

Neither the presence of the institutions nor the efforts of the Labour Government have been able to curb the activities of traditional industrial developers and it is unlikely the steam will be taken out of their efforts until prime industrial land really begins to dry up.

Baron Phillips

Investment

CONTINUED FROM PREVIOUS PAGE

as the capital market remains hot, initial yields will stand below any objective estimate of rental growth. The sheer weight of investable cash will take care of any credibility gap between buying yields and realistic forecasts of gross redemption yields. And, if the actuaries balk at the figures, there is always another fund down the line keen to take on the property.

In a market such as this, objective analysis looks redundant. It is possible to argue that some of the buying yields accepted by funds in recent months bear little relationship to realistic income potential. But if the market is willing to accept the illogical, why argue? And as Henley's forecasts are based on hypothetical average

performance, every fund manager can console himself with the idea that his particular properties are a cut above the rest.

In this important market today's apparently lunatic purchases of ill-advised funds may well become the sound investment holding of the future. And so long as industrial property remains a politically acceptable home for institutional finance it will retain a premium value that cannot be expressed in any objective analysis of investment performance. Always assuming that there are industrialists to fill the space, or actuaries too impressed by the sector's past performance to notice the voids.

Baron Phillips

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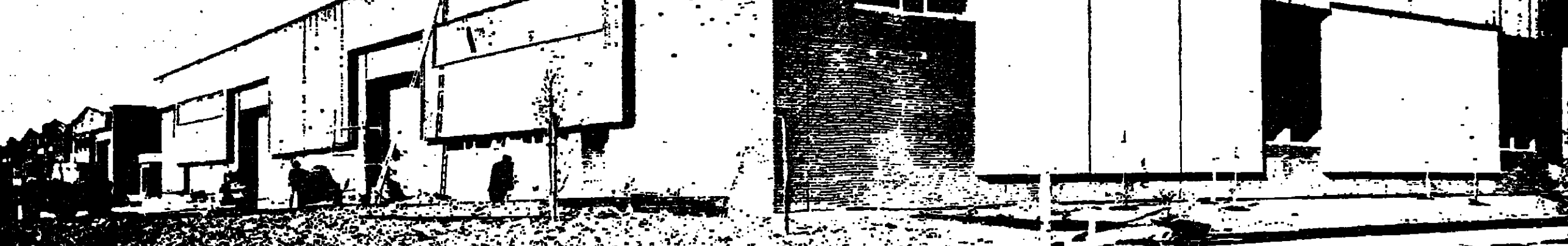
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INDUSTRIAL PROPERTY IV

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INTERNATIONAL terrorism has added a new and appalling dimension to the risks to life and property which few companies or organisations have been able to ignore. For many of them the added costs of providing both staff and equipment to combat this newest security risk are proving to be a very significant addition to overheads.

To the huge private armies of security men employed by specialist companies have been added "in house" security staffs. A great deal of emphasis is now being placed by tenants and companies seeking larger office buildings, on the suitability of properties from the security angle. Property owners have always expected banks to look for special and sophisticated security when seeking a building.

For example, Bank of America was first attracted to its Cannon Street, London headquarters because the building occupied an island site, which made security more simple. After the robbery of the bank's West End premises a few years ago, when the raiders tunneled their way into the safe deposit vault from an adjoining building, Bank of America sees its security from robbery enhanced by lack of attached buildings.

Tenants of other major office buildings have found that landlords have restricted access to the premises to one entrance, so reducing the number of security staff needed. As an anti-terrorist measure the same procedures have been adopted in some shopping centres and large retail stores. Even some hotels which formerly had access from two street frontages have been forced to seal off one entrance to deter terrorists.

In a multi-tenanted building the provision of these extra security measures falls on the landlord, although in almost every case the cost of providing security is passed on to tenants. These costs, together with service charges for cleaning and other items of expenditure on communal parts of the building, often represent as much as 25 or 30 per cent of the rent paid by the tenant, although in London and other areas of high rentals the percentage is lower.

But the guard against security risks does not end there. The arrangement of fire insurance, intruder alarms and smoke and sprinkler systems are a few of the other costly items which both owners and occupiers have to pay for.

Fire insurance policies normally cover not only loss or damage by fire but other perils—subject to exceptions which are defined in the insurance policy. In much of the post-war period it was possible, once insurance recommendations had



The emphasis on security has forced companies to tighten up on access to their buildings. Here security company employees deliver money by armoured van to industrial premises in South London

been made, for them to remain unchanged for lengthy periods. However, the onset of unpredictable rates of inflation allied to volatile building costs has forced the need for a complete reappraisal of methods.

Insurance companies have found it essential to introduce a number of new schemes to meet the requirements of the market. Most of these treat the inflation element of the sum insured, particularly for industrial and commercial properties, as a special item to suit the needs of the individual policyholder.

Property insurance is complicated by what is known as "average". This is an insurance term for a practice which operates in this way: if a property to which "average" applies is insured for a sum less than its value, then any loss is shared between the insured and the insurer in proportion to their respective liabilities, and the difference between the value and the sum insured represents the figure on which the insured's share of the loss is to be based.

The insured party therefore contributes to his own loss in the event of his being under-insured. Recently there has been some relaxation in the application of "average" for commercial and industrial buildings in some of the newer

insurance schemes which can result in "average" applying only if the sum insured is less than 85 per cent of the full reinstatement value. This gives a margin if there are any unforeseen circumstances in the future in relation to either increased values, delays in reinstatement of a building, or inflation. This margin could be a considerable benefit in the case of partial loss. But if the sum insured was less than 85 per cent of the full value of reinstatement then "average" would be applied in full.

Allowances

Estate agents Richard Ellis has come up with a new approach to the problem for policyholders who are willing to base the sums insured on a professional valuation or who would be prepared to do so in the future. Member companies of the Fire Offices Committee have worked out a common approach in which sums insured comprise two elements for the calculation of premiums; first, the estimated cost of reinstatement at the beginning of the insurance period and, secondly, the allowances in respect of inflation or future increases in costs and the premiums for this part of the sum insured will be calculated at a lower rate with the intention of providing for

a saving in premiums. There can be no doubt that a large number of companies are under-insured for fire risks. One recent survey of 100 companies indicated that two were over-insured, 19 adequately insured and the rest under-insured by varying percentages. The companies surveyed were representative of a broad spectrum of small to medium-sized industrial and commercial concerns and the buildings involved included factories, workshops, hotels, office blocks and shops.

Property owners also require insurance against structural defects in new commercial developments, an area of security which many have been seeking over the years but which few have been able to obtain. But recently the Derby-based Viking Property Group succeeded in obtaining long-term insurance cover against structural defects in its new commercial developments.

The insurance effectively will give a 10-year guarantee against defects arising in the structure of its weather-proofing envelope. Viking was not able to get the cover in the United Kingdom and it fell to a French group to insure the risk. One of the advantages of the insurance is that if Viking sells any insured building within the 10-year period of the insurance cover will be transferred to the

new owner for the unexpired term.

To most of us the word security conjures up thoughts of intruder alarm systems and the annoyance of continuous ringing bells from the high incidence of false alarms. The annual turnover of the alarm industry in 1976, according to the Price Commission report, was about £44m, of which more than 50 per cent was for new installations. It is estimated that since 1920 about 300,000 intruder alarms have been installed in the UK. Currently 150 to 200 companies are adding about 35,000 new systems a year and of this total about 25,000 are installed by companies approved by the National Supervisory Council for Intruder Alarms.

These approved installers, of whom there are 110, are required to provide a certificate for each new installation and last year about 28,000 certificates were issued. Around 12 per cent of the new systems are inspected and classified each year by the council. In 1972, the first year the scheme operated, only 10 per cent of the installations inspected had no significant deviations from the British Standard, but by 1977 the figure had soared to 61 per cent.

Based on the council's records for 1976, the type of alarm

signalling an intruder was: bell only, 34 per cent; 999 system, 50 per cent; direct line to police or a central police station, 18 per cent. Private houses, clubs and small shops accounted for about 36 per cent of all installations, of which the Price Commission found that about 15 per cent were in private houses. Large retail or wholesale outlets account for a further 6 per cent of total installations by council-approved companies.

Alarms in offices and small trade outlets made up a further 32 per cent and those in industrial companies, in factories and warehouses about 6 per cent. Potentially vulnerable businesses, such as banks, building societies, post office and jewellers account for a further 11 per cent and doctors—often worried about the loss of dangerous drugs—1 per cent of all installations. Public buildings represent about 6 per cent of all installations and public houses and offices the remaining 2 per cent. Although the number of intruder alarms which have been installed in shops, offices and factories over the past few years has been growing steadily there is still a very long way to go before Britain has the 750,000 intruder alarms which the council believes we need.

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INDUSTRIAL PROPERTY V

Companies happy with the market

OVER THE past two years industrial developers have been the stars of the property sector. The great industrial boom which took off at the beginning of 1977 because of the saving grace of the property industry still reeling from the effects of the 1973-74 collapse which left the commercial development giants in a sorry state.

During the period which preceded the collapse industrial development was left very much to the specialists such as Slough Estates, Brixton, Percy Bilton, Allnatt London Properties and others. At the time it was considered a dull and unglamorous sector which drew little attention from either investors or funders looking for quick profits from the more sparkling commercial developers. While property shares were the darling of the Stock Exchange heavy investment was mainly aimed at the more exciting commercial sector. Shopping centres and office blocks were what investors wanted to hear about, not industrial estates.

Although traditional industrial developers continued to expand their portfolios of industrial estates and the value of their assets, shareholders were demanding that they should embark on more interesting commercial schemes. Shareholders wanted to hear their company directors telling them about massive office projects where tenants were prepared to pay £20-plus per sq ft for space in the City of London. They were not keen then to hear about increased lettings on the companies' industrial estates where rents were as low as £1 per sq ft, or less.

Some companies succumbed to their shareholders' pressure and sought the opportunities in commercial development, but others such as Allnatt London continued quietly in the industrial sector. There is little doubt that Allnatt London is the most conservative property company quoted on the Stock Exchange. Founded in the 1950s, it is based on the formula of constructing industrial units only for specific tenants and tailoring each scheme to suit the leaseholder's own requirements. In more than 20 years

of continuous development, Allnatt London has rarely embarked on a speculative industrial development.

Today the group has developed about 5.5m sq ft of industrial space which carries a net book value of just under £200 — an extremely conservative valuation. Most experts agree that its portfolio is worth not less than £50m; however, the company has not attracted the attentions of institutional investors.

Apart from Allnatt London's current sound footing, its future prospects look extremely bright, with a tremendous aversary potential. The present rent roll is about £5m, which works out at less than £1 per sq ft — indicating the historic basis of the group. Mr. Leslie Smith, its chairman, freely admits that early tenants signed 21-year leases with no rent reviews and some of the buildings are contributing no more than 50p per sq ft.

The company is well placed for future development, however Mr. Smith estimates that there are about 50 acres of land available for either development or redevelopment, mainly in the north west London district of Park Royal. In addition, Allnatt London has a further ten-acre site in Swindon which it will develop as soon as there are sufficient tenants.

Rein

With a steady rise in income over the next few years, Allnatt London has little problem in financing its schemes, yet it keeps a tight rein on borrowing. Because future developments will be on land the company already owns there is no need to borrow money for the purchase of sites and their subsequent development. Development expenditure has been running at about £1m-£2m a year, most of which can be financed out of the group's income. Allnatt London is one group in which the institutions have found little to interest them, either from a share purchase point of view or from a financing one.

Pension funds and insurance companies have had a fairly

quiet year considering that many observers were predicting that 1978 would be the year of the takeover. Apart from some obvious cases in the commercial development sector, institutions have shown greater interest in developing their own industrial property than in acquiring industrial property companies. What has emerged is that some extremely interesting financing deals have occurred over the past couple of years, in particular the Brixton Estate-Royal Insurance arrangement.

At one time Brixton Estate's development programme far exceeded its market capitalisation and it was having to fund its mainly industrial expansion through bank debt. This in itself concerned shareholders which include Clerical Medical and General Life Assurance, Royal Insurance, The Royal Pension Fund. In November, 1975, Royal Insurance offered a £5m 10-year secured loan to be drawn over a three-year period, and the relationship was further cemented with an additional £5m loan. The price Brixton has to pay for the loan facilities, apart from interest charges, is allowing Royal Pension Fund an option on its ordinary shares which, if fully exercised, could take the insurance company's current holding from about 6.95 to 12.6 per cent.

But for Royal Brixton it appears to be a safe investment. At the 1977 year-end net rents stood at £5.413m, coming mainly from industrial development and investment.

It seems that few, if any, institutions are concerned at making any takeovers of industrial development companies in the present boom market both for shares and demand for space. And no interest is expressed by the institutions in a number of medium-sized industrial developers which are extremely successful in their own right. In some cases it has to be admitted that the market in a particular company's shares is not large enough to warrant the involvement of an institution.

One typical company is the Midlands developers, A. and J. Mucklow, which, to many City analysts, is an unknown quan-

ty. Partly this is due to its concentration of activity in the West Midlands and the fact that this tightly-run family firm has never attempted to excite the market. A. and J. Mucklow went public in 1965 and despite its new status has never tried to over-extend itself or move out of the area which it knows best — mainly the Birmingham and Wolverhampton area. Yet over the last 20 years it has efficiently established itself as a medium-sized development company with a portfolio of about 4m sq ft and a current programme which will add a further 1.4m sq ft to the total.

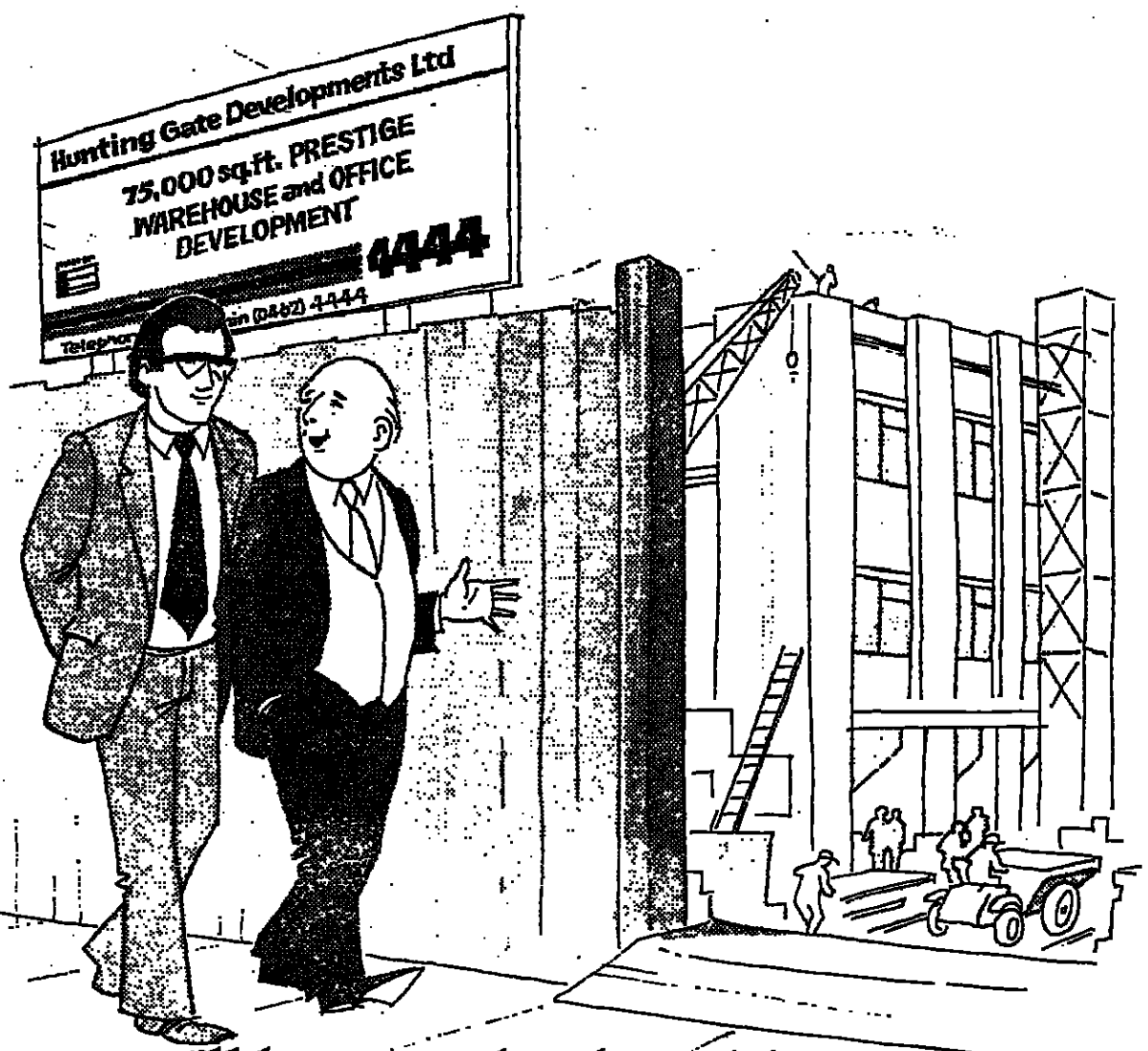
Like Allnatt, London, Mucklow keeps a very tight rein on borrowings. At the end of the last financial year it had no short-term borrowings although a £2m loan had been taken up over the period. A further £2m loan has been negotiated but repayments do not begin until 1986 which is a very satisfactory situation to be in.

As with other similar companies Mucklow is not keen to part with any equity stake in the schemes it does. It is also interesting to see that there is no clear connection with its financing arrangements and possible institutional shareholding.

Strength

There are a number of other companies similar to Mucklow which do not attract the attention of either the institutions or other major investors — mainly, one suspects, because industrial development is not the high-risk business that commercial development is. Where institutions have a reasonably substantial holding in an industrial development group there appears to be little interest from a pension fund or insurance company to increase this holding. In certain cases this shareholding has been established from a loan facility base and with the current strength of the industrial market finance can be obtained without either letting go of the shares or giving too much of the development equity away.

Baron Phillips



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Benefits of insulation

THIS WINTER OF our discontent may have one favourable spin-off. It may make many British industrialists think again about the advantages of better factory insulation. Back in 1975, when everybody seemed to wake up to the fact that we had an energy crisis on our hands, it seemed obvious that more and more industrialists would see that heat conservation was one kind of conservation that did not clash with economic growth. The Europeans did realise it. A member of Brixton Estates, a company that develops industrial property in Britain and Europe, says: "The Scandinavians for instance, have always

been well ahead in heat saving. Of course, they probably have the greatest extremes of climate to deal with. But German standards are higher than ours, too, even after our new building standards."

Leaders of the property industry are now asking what effect the experience of the last few months will have on the future of industrial building in Britain.

Trade union militancy and rail strikes apart, one of the results of the recent cold weather has been soaring industrial heating bills. After years of mild winters, the sight of heating going full blast and a lot of

it wasted warming the pigeons on the roof has prompted conservative industrialists with a suspicion of anything that increases the cost of their investment to take a new look.

The issue of energy saving has been newly spotlighted, not only by the bad winter, but by the new building regulations. Property men in some companies say they only make compulsory the limit of insulation they already provide and standards must soon increase again to compete with European standards.

It may mean more spending, but it will pay dividends and there are grants and tax ad-

vantages available to some companies. The recent talks between government and industry attempted to determine an economic norm for insulation. The Scandinavians base theirs on energy costs ten years ahead. And there is a feeling in the property business that our levels are still pitched too low.

Insulation under the new regulations would increase the cost of roof covering by 10 per cent to 12 per cent. So far, there are no new rules for glass, which means double glazing is not yet compulsory. But there is a feeling that this will come in future years. At present, roofing represents roughly 8 per cent of total factory building costs.

There are worries that not enough research is being done in Britain into new and better insulation methods. They would probably come at more expense, but heat saving would be greater. In Germany the flat roof, easier to insulate, is more common than the pitched roof, more usual over here.

One property man told me: "We would like to provide better insulated factory buildings, but in the present economic situation it is like asking somebody to buy a Mercedes car when all he wants is a Ford Cortina. What we want to get over to the British factory buyer is that spending £1 now on insulation can yield £10 later."

Regulations

Insulation material in this country is mainly glass fibre, an ideal material for the purpose. Most of it is home-manufactured, mainly by three companies: Fibreglass, part of the Pilkington group on Merseyside, Cape Installation, and Newall, part of Turner and Newall.

While wanting to help industrialists with energy saving, some property men fear that regulations in the future may become more and more complicated and bureaucratic.

One of the problems of facing insulation research in Britain is the high rate of humidity, particularly around the London area. There have been times in summer when humidity levels have reached 100 per cent and the condensation that results can cause unprotected metal fittings to corrode and maybe fall to pieces in ten years.

People in the industrial building business do not try to hide such problems. But they do point out to businessmen that the future is on the side of better-insulated buildings. It is not easy to produce new ideas, but experts say we ought to have done more than we have in the years since the energy crisis began.

Alan Forrest

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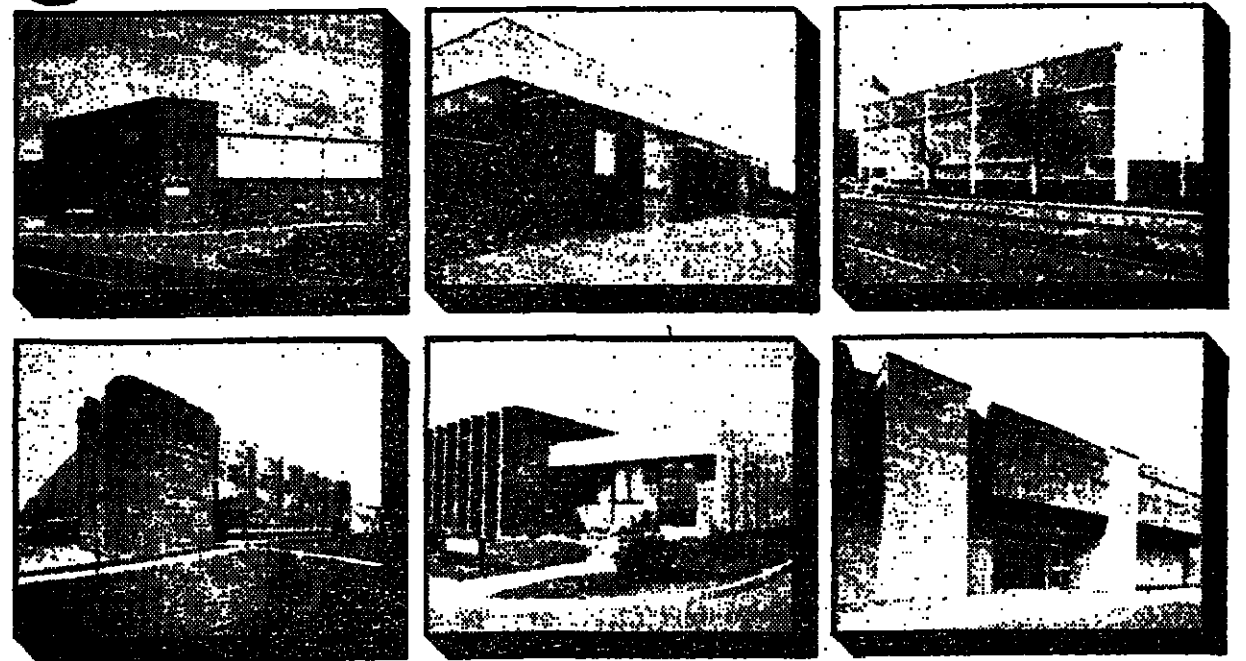
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Dilemma in docklands

IS IT proving impossible to regenerate the country's obsolete docklands? After years of discussion, high-powered study teams, special committees and incentives, some of those most closely involved are beginning to answer yes.

Towards the end of last year one Tory councillor on the GLC suggested that London recognise that the problems of the derelict docks are insuperable. All ideas of grandiose development should be abandoned, he said, and the area grassed over and used for recreation.

There have, it is true, been one or two encouraging prospects of pockets of development in some of the country's docks, but overall the areas attract heated discussion rather than concrete building. It is not far short of total standstill when the managing director of one of the country's largest and most successful industrial development groups says simply that he has "never identified a single dockland site which meets the criteria of viable investment."

That man is Mr. Wallace Mackenzie, managing director of Slough Estates. There is a transparent logical progression in his explanation. "We don't see dockland sites ending up

being good investments because there is not an adequate demand for space in such areas at the right price. And the reason for the lack of demand is the lack of sufficient facilities and services in these areas."

Mr. Mackenzie points out that the prime consideration for an industrialist is the ability to carry on his business profitably. The availability of a factory in a given area is the culmination of all the other factors which enable him to make profits there.

Services

A factory unit by itself achieves nothing unless the surrounding communications and local services are good and there is a pool of staff. If those facilities are absent building a factory makes no sense and will not attract tenants.

Mr. Mackenzie does not believe that there is any prospect of the vital facilities and services being introduced—at least for many years. The motorways into London's docklands, for instance, are not being built. The proposed Tube under the river is bogged down in central Government opposition. Vital residential services from hous-

ing to shopping are caught in the vicious circle that they are not viable until there are people to use them and the people won't come until there are jobs for them and the jobs are not going to materialise until the residential facilities are there.

Meanwhile there is talk of a new bridge across the Thames downstream of Tower Bridge—a matter of critical importance to industry now that Tower Bridge has been closed to traffic heavier than 5 tons (unladen) since last month. But without the back-up spur roads and orbital links the value of a new bridge is doubtful.

Admittedly there are one or two big schemes still on the boil. News International is being enthusiastically supported by the borough of Tower Hamlets in its plans for a 1m square foot £50m development on its 13-acre site in Dennington Street. It is proposing to build some 776,000 square feet of industrial space on the site, with 16,000 square feet of accompanying offices.

An even bigger scheme, however, is in some jeopardy. Mr. Peter Shore, the Environment Secretary, has ordered a fresh investigation into the proposals

by the Texan group Trammell Crow for a £60m international trade mart in the Surrey docks.

The concept involves redeveloping 133 acres of derelict docks into a complex which would include a 6-storey 1,000 unit trade showcase covering 6m sq ft. The problem is that the developer is prepared to put only £5m of his own money into the scheme, so in order to go ahead the scheme would need considerable Government backing—(probably by way of guarantees).

Both the City and industry have reservation about the proposals and the Industrial Development Advisory Board has already prepared a report which throws doubt on the commercial viability of the scheme.

Apart from these two plans, then, London's dockland remains in much the same state as it has done for years. The new Dockland Joint Committee (DJC) has spawned a further streamlined executive committee comprising the leaders of the five London boroughs involved plus the leader of the GLC, and Sir Hugh Wilson, chairman of the DJC.

But fresh ideas are lacking. The proposal to make the area

a free trade zone surfaced and disappeared again under the wider concept of aid to inner areas generally.

The concept of creating a Docklands New Town Corporation, with all the powers of attraction which new towns have, was still-born.

Meanwhile the Port of London Authority has already wrung permission from Government to close the Royal Docks and it is only a matter of time before it gets its way and closes its Millwall and the Indias.

One fresh hope comes in the form of revivals of rumours that the GLC is quietly planning a new east-west lorry route to link dockland with the M40 via the City. And of course the M25 orbital route is pressing ahead in patches.

Routes

Ironically, these lorry routes could further discourage developers from looking at sites actually in the dockland zone, and encourage them to prospect for potential along the routes themselves.

Since 1974 the statute books have included the Dock Labour Act, which established a half-mile wide corridor alongside all the country's ports in which cargo handling is presumed to be the privilege of registered dockworkers.

The Act has not in fact come fully into force. Aspects of it have been debated in the House and show no signs of being revived. However, one aspect is in train. The National Dock Labour Board has the power to investigate any cargo handling work within these corridors and, within certain parameters, define it as dock work.

The effect of this has been to inhibit lettings of industrial premises within the corridors. As one developer put it: "The Dock Labour Act has made it advantageous to build on one side of the dividing line and not the other."

What worries tenants is the uncertainty. Because there are no clear-cut definitions as to what work is classified as dock work they fear that if they move into the corridors jobs which may have been freely offered may be defined and controlled by the dock labour authorities.

Within the context of locations decisions, on the other hand, this is a minor factor. If it were the only disadvantage of the docks distribution, companies might well risk it in order to be located so close to their markets.

But communications into and out of the docks—even for local distribution—are poor and look like remaining so, and residential facilities and other services are also under-supplied.

The cocktail, therefore, is not to most companies' taste and the reluctance of developers to build in the areas merely reflects that.

Terry Ogg

Christine Moir

Changing shapes

THE PHYSICAL distribution manager is still largely a U.S. phenomenon but he, or a senior executive carrying out similar functions, is making his presence felt in a growing number of UK companies.

The increasing interest has received a substantial boost from the economic conditions of the past decade. The recession and the jump in transport costs induced by the oil embargo have focused corporate attention on cost-cutting. The size of the potential cuts available through efficient handling, storage and dispatch of manufactured goods has surprised many company boards.

Computer technologists have been working on the problem of vehicle scheduling since 1963. Recently, by using mini-computers, it has become possible to simplify and streamline scheduling procedures and link them with other work such as order picking.

A typical package, developed under the National Computing Centre's Software Products scheme by Solcon and known as Vanplan, has produced some interesting cost cuts. A study in the middle of last year on what interactive equipment could do for a company with many vehicle and depots—in this instance a major 50-depot food distributor—showed that compared with manual scheduling the Vanplan approach could save the company £250,000 a year in costs of wasted journeys, inaccurate loading, inefficient use of available goods vehicles and so on. The total build cost the particular user around £25,000 a year.

Transport

But more efficient systems of assembling loading and dispatch are only part of the area available for cost cuts. The local collection and delivery of less than full loads by trucks costs about four times as much as that of long-distance transport in terms of pence per ton mile. Consequently, the sooner trunk loads can be consolidated and the further the trunk vehicles can travel before unloading for local delivery, the cheaper will be the total cost of transport.

So the physical distribution manager's function has expanded to include consideration of not only his in-house systems for vehicle scheduling and order assembly but also his company's interface with long-haul transport systems.

There is a further link in the chain: that of materials management. Essentially this is supervising the procurement of raw materials, stock control, production control and quality control. Here again there are cost cuts available through more efficient materials handling processes.

New equipment is making different space utilisation methods possible. For example, a light duty reachtruck of one tonne capacity recently added to the Alet-range has telescopic forks which can reach forward

independently of the mast. With the use of these forks it is now possible to offload pallets from one side only of a vehicle, to reach pallets stored in double tiers of racking from a single side (doubling groundspace available for racking) and, because of its narrow chassis, stacking can take place in a gangway of only two metres.

The equipment and the technology available to the physical distribution manager enable him to minimise storage and distribution costs. But the biggest single parameter governing his job and the one which he is only just getting an element of control over is the shape of the building in which the goods are produced, its location and the distribution infrastructure—both internal and external—attached to the building.

It is difficult, if not impossible, for any executive to do much about a building that is already completed and occupied. If it is a pre-World War II construction it is likely to have two or more floor levels, narrow loading bays, limited access and little or no area for trucks to stand, waiting to be loaded. It is unlikely that it can take modern long-hand transports and modifications to enable it to do so would be expensive.

In the fifties and sixties buildings started to change their shape. Roads were redesigned to enable them to take greater weights, operations started to spread out horizontally rather than vertically and loading bays were redesigned to give flexibility in regard to truck size.

All this was made possible by improvement in transport facilities, particularly road haulage which enabled manufacturers to shift out of relatively cramped vertical city centre sites to larger horizontal fringe areas. The trend was accelerated by a growth in the number and sophistication of property development companies which saw potential profits from the design and construction of industrial estates. The Government played its part in the industry movement by encouraging decentralisation through the assistance given to new towns.

The developers and town planners devoted a great deal of time to studying industry needs in terms of factory design and transport services required. And with a variety of possible new sites becoming available at competing rentals and with increasingly impressive facilities, manufacturers began closer analysis of their specific requirements.

The aim of the exercise, for all the parties involved, has been to find ways of cutting the cost of getting essential services and raw materials on to the site, pushing them together with labour in the most efficient manner possible to produce an end-product that can be dispatched to the customer

with the least cost in terms of inventory charges, handling costs and transport fees.

Trucks have become large so loading bays have been extended. Materials handling equipment has improved, so the size and shape of factory floors has changed to accommodate alterations in the production system. Packaging methods and processes have also changed. There is a greater degree of automation in all the functions and a growing tendency to have systems controlled by computer. All this has meant further changes to industrial buildings.

Equipment

Air-conditioning has become necessary to ensure a regular temperature for sophisticated electronic equipment. More complex fire and burglar detection equipment has become necessary. These devices have meant changes in building design and in the flow of traffic through modern factories.

The changes have also meant a change in staff numbers and job titles within the industrial centre. More sophisticated production equipment has meant a drop in the number of unskilled workers and a rise in the number of skilled and semi-skilled. It has meant that the modern

factory also requires a number of offices where these new technicians can be housed. Changes in staff amenities have also brought changes in building design. No modern factory complex would be built without a staff canteen or ablution block.

There is also the upsurge, particularly in this decade, in awareness of a factory's impact on its immediate environment both visually and in terms of its waste disposal methods. Modern complexes have areas set aside for landscaped gardens and effort is made to ensure that the facade is not a local eyesore. The growing use of cars as a principal medium of transport has meant that factories have to have parking facilities available.

Not all the aspects of building design, therefore, are the preserve of the physical distribution manager. But as the function of any company is to produce and distribute its products as cheaply and efficiently as possible, he does have, or should have, the major voice in site selection and development planning. The environmental aspects and employee parking may help productivity but when it comes to cost cuts physical distribution is the key element.

Terry Ogg

Christine Moir



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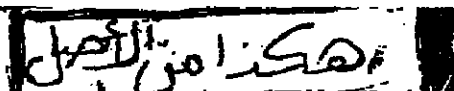
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INDUSTRIAL PROPERTY VII

This and the remaining pages of the Survey carry a series of articles reviewing market trends throughout the regions of Great Britain—including rent levels, the volume of inquiries and development projects.

South East

Firmly in favour

TRADITIONALLY, THE South-East is one of the more active areas of the country for industrial development. Last year was no exception with agents kept busy throughout 1978 by steady, if undramatic, demand. Despite the encouragement to "set up shop" in other parts of the country which desperately need fresh industrial development, the area close to the capital remains the favourite for a lot of businessmen both from the UK and overseas.

The gradual upturn in demand has been reflected in rents, prices and the quality of the property available. At the beginning of 1978 the range of properties on the market was slightly different to those available now. A year ago property portfolios contained a few white elephants, according to Jones Lang Wootton, but developers have been buying up freehold sites over the past year and turning many of them into prime property.

Rents understandably have reflected the continued build-up in demand. Developers in the main industrial regions of the South-East are anticipating prices about £3 a square foot but this figure is still some way off. Rents have probably increased by at least 12 per cent over the last 12 months while some rent reviews have been over 20 per cent and a steady increase is projected for the future.

Review

The Henley Centre for Forecasting is a little less confident than some of the agents, however. The centre predicted in its review last October that industrial rents would rise by 14.1 per cent in 1979, but expected this rate to fall to 6.4 per cent in 1980. Over the next five years rents could rise by a third, it suggested.

Most of the activity has been among the smaller units during the past year and this trend is likely to continue. Jones Lang Wootton picks out an industrial estate it has been handling near Orpington as an indication of the sort of rents that can be achieved. Smaller units of about 4,000 to 5,000 sq ft with little office accommodation have been going at £3.50 a sq ft. Larger ones of 8,000 sq ft and over are turning over at £2.25 a sq ft. This is the sort of rent that industrialists have to pay for prime sites and cheaper sites obviously can be found—as little as £1 a sq ft in some cases, but certainly not prime property.

Bernard Thorpe and Partners confirms the buoyant trend in



Although companies are moving to Sussex, where there has been a considerable increase in demand for factory space, they have to compete for their employees with the high pay offered at Gatwick Airport

industrial property. It recently let nine 5,000 sq ft units in Basingstoke at £2 per sq ft and they went very quickly. Of course the South-East covers a wide area and experience varies vastly within it. For example, agents White Ovar and Company, whose area covers Surrey and Sussex, can point to strong regional variations even in those two counties. Rents in West Sussex are always a bit higher than in the east. For example, in Hailsham landlords are struggling to let brand new industrial property at £1.55 per sq ft. But in Horsham rent levels are up to £2.

White Ovar says that it has seen a significant increase in demand, but the one big problem has been in finding manufacturing units under 20,000 sq ft. Most of the demand has come from electronics companies keen to get into the area. However, once these companies are faced with problems of attracting labour for example, in Crawley they have to compete with the high wages offered at Gatwick Airport.

Prices have shot up in some areas. At Burgess Hill a factory of 15,000 square feet gross has been sold for £270,000 and another of 8,700 square feet fetched £235,000. Both were asking prices and the vendors themselves evidently were surprised

at what the two factories fetched. In both cases a price of about £40,000 lower might have proved acceptable. In the Reigate area, agents Idris Jones also reports plenty of interest but again the complaint is a lack of space, especially at the smaller end. Idris Jones has recently handled five units at the Redhill Distribution Centre near the A25. Most were in the 21,000 to 22,000 square feet range though they can be divided into 10,000 square feet or even 5,000 square feet areas. Rental on a split unit is about £2.25 per square foot dropping to £2 for a complete factory. At Pease Pottage, industrial units are being let at about £2.20 per square foot.

The higher rents represent a significant increase but yields have dropped appreciably. In 1978 prime yields fell well below 7 per cent from say 8 per cent at the beginning of the year and in some cases the return was as low as 6 per cent for prime property. This sort of drop reflects the market's expectations that rental rates will rise still further before long.

The Henley Centre in its review reckoned that purchasing yields on all three types of commercial property—shop, office and industrial—would be under pressure for the next couple of years. The magical £3 a square foot rental for prime property that people are looking for may seem a substantial jump on the current figure of £2.50, but when taken in the context of the next rent review the compound growth rate is far less impressive.

The shortage of sites for the institutions to channel their money is one of the main reasons behind the rise in rents and prices. However, Bernard Thorpe, for example, says that some institutions are taking a

hard line and are unlikely to consider yields much below 7 per cent.

Some market men believe, therefore, that the prospects do not look particularly bright for the maintenance of such yield levels, especially with inflation apparently set for an upswing. But there is no longer much over-capacity in the property market and in some cases, particularly small industrial sites around the 5,000 sq ft size, there are shortages.

Institutional money is still chasing property and that may well keep yields low. Industrial property has particular appeal to small and medium-sized funds, and the smaller units especially are attracting the institution's attention. This fits in well with the current trend to encourage small businesses as a drive to regenerate British industry.

Improving

A year ago confidence in the property market in the South East appeared strong. The past 12 months has justified that optimism and the question now is what is likely to happen during 1979. Rental levels are improving and yields are pointing to a continued increase. Most of the agents remain optimistic, though any optimism must be tinged with a hint of caution in the current political climate. If the Government puts a squeeze on company profits by price controls and continued high interest rates, this may hit plans for industrial investment. Many companies must be shelving expansion plans while the current problems continue, though whether this will be only temporary remains to be seen.

Terry Garrett

RENTS BY DISTRICTS

Area	Rent in			Percentage Increase since June 1978
	June 1977 per sq. ft.	June 1978 per sq. ft.	Jan. 1979 per sq. ft.	
London Airport	2.00	2.25	2.20	2.5
S.W. London—Inne	2.00	2.65	2.75	3.8
S.W. London—Outer	1.85	2.25	2.40	6.7
Bermansley/Camberwell	1.70	2.30	2.30	0
East London	1.60	1.75	1.85	5.7
Kings Cross	2.25	2.75	3.10	12.7
Wood Green	2.00	2.30	2.40	4.3
Park Royal	1.75	2.35	2.65	12.7
Hammersmith	2.05	2.50	3.10	24.0
Woking	1.60	1.75	2.25	23.0
St. Albans	2.00	2.25	2.40	6.7
Chelmsford	1.60	1.50	1.90	0
Basingstoke	1.35	1.45	1.50	3.4
Luton	1.50	1.65	1.80	9.1
Swindon	1.25	1.40	1.50	7.1
Cambridge	1.25	1.25	1.25	0
Ipswich	1.00	1.20	1.25	4.0
Colchester	1.10	1.25	1.40	12.0
Maidstone	1.30	1.60	1.65	3.0
Tunbridge Wells	1.50	1.75	1.95	11.4
Reading	1.55	1.85	2.10	13.5
High Wycombe	1.50	1.85	2.00	8.1
Crawley	2.00	2.40	2.50	4.2
Southampton	1.25	1.50	1.75	16.5
Birmingham	1.20	1.55	1.75	12.9
Coventry	1.30	1.45	1.55	6.8
Stoke-on-Trent	1.15	1.25	1.30	4.0
Leicester	1.15	1.40	1.45	3.6
Nottingham	1.15	1.40	1.45	3.6
Cardiff	1.10	1.20	1.40	18.7
Leeds	1.10	1.35	1.40	3.7
Bradford	0.85p	0.95p	1.00	5.2p
Manchester	1.30	1.50	1.65	10.0
Newcastle	1.10	1.20	1.30	0
Gloucester	1.25	1.35	1.50	11.0
Exeter	1.20	1.30	1.40	7.7
Glasgow	1.20	1.25	1.30	4.0

SUMMARY

	1976-77 %	1977-78 %	6 months to Jan. 1979 %
Average increase over 12 months in London	21.2	22.8	8.7
Average increase over 12 months in London and Home Counties	22.2	18.9	8.8
Average increase in provinces	15.3	14.6	7.1
Average increase overall	18.3	16.5	7.8

Source: Grant and Partners

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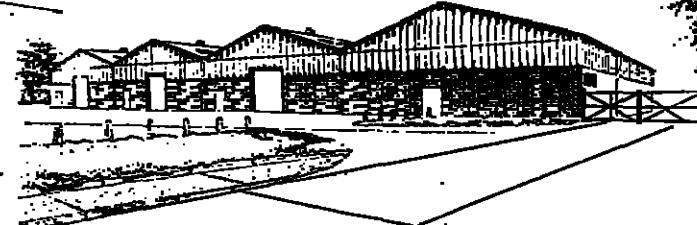


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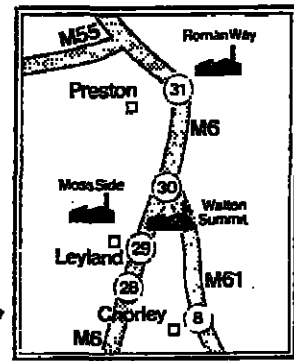
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INDUSTRIAL PROPERTY VIII

London—1

Trend towards storage

THE PAST few years have seen an interesting switch in property interest in London away from office development and towards industrial development. Many factors lie behind this trend. Not only have fashions in office development changed but the very name itself has become more and more a service and storage area, served by the air and sea links, and it is difficult to see where new jobs in heavy industry are going to come from, whatever the property developers do or fail to do.

Industrial development, on the other hand, has benefited from the renewal of urban centres: such developments, moreover, are often cheaper to build and easier to let, in that it is not necessary to develop the entire site at the one time.

Fears

Whatever the reasons may be, there is no doubt that London's industrial property sector looks fairly healthy just at present. Rents of £2.50 to £3 per sq ft are widely recorded, against only £2 as recently as 1978. Dron and Wright commented last week that there was "not much around now under £2 a sq ft."

There are the usual fears, which have become stronger in recent years, that industrial development within 50 miles of London leans too heavily towards warehousing and not enough towards factory space. This is undoubtedly true—most developments aim at only 10 per

cent of factory space initially. But it is hard to see what can be done about it. The objections to warehouse concentration are that it creates few jobs in the area, compared to the effect of factory usage.

Yet the London area is becoming more and more a service and storage area, served by the air and sea links, and it is difficult to see where new jobs in heavy industry are going to come from, whatever the property developers do or fail to do.

It is the trend towards storage that made the Heathrow Airport district one of the busiest for the property developer over the past few years. The demand for warehouse space, with easy access to the airport, seemed insatiable until fairly recently—and it was in this area that the best rental take-offs were reported.

However, the latest reports indicate that the peak has passed by, as far as Heathrow is concerned. Rental growth there has slackened as demand was met by the rapid growth of new buildings. It is thought that labor costs in the airport district have finally made it less attractive for companies to keep their stores in the area, when a journey down the motorway brings cheaper workforce.

development in these areas has not provided the driving force which might have been expected.

These general trends have been formalised in the latest Government plans for the south-east of England. The plan lays stress on motorway development.

And, almost as if the Government had read the minds of the industrial property developers, the focal point is seen as the M25, providing a link from Heathrow to the M1 and to Gatwick airport.

Moreover, the need to halt the exodus of industry and population from the centre of London is recognised. Transport policies are to be attuned to these problems.

There is some redevelopment of older industrial properties, particularly in the east and south of London. In Greenwich and Woolwich, rents have moved up over the past year from £1.75 to £2 per sq ft. Much of this is for renovated property which is finding takers without much difficulty. The local authority has been active in Greenwich, but mostly in the form of leasing property to industrial users.

Another slightly older area to be finding supporters just now is the Park Royal estate. Rents here drag behind the best areas elsewhere, but there are a number of new developments in hand. One problem is that the area's infrastructure has not kept pace with the times—the road system, in particular, leaves a good deal to be desired.

In the East End proper—excluding the dockland schemes—the most interesting prospect for the future is the Jubilee Underground rail line, and the plans to build more roads. The Jubilee Line is at the advanced planning stage but has yet to make its impact on the ready property market.

Looking further afield, Sinclair, Goldsmith reports good progress with its developments at Heathrow, Reading and Swavey. It confirms the view that Heathrow is beginning to slip back from its lead by reporting that some units in the area have been let at £2.

directly counter to all Government intentions.

Confidence in the London property sector remains high and is likely to continue so. This is, in part, because the sector is not tied so directly to the UK industrial performance, as are some other areas.

London's pre-eminence as a financial and tourist centre now almost guarantees a growing demand for service industries, which are cushioned to a great extent against the buffets of industrial adversity that are so much more quickly felt further north.

The only reason for disquiet at present is that yields are disappointingly low in many spots and the leading institutions no longer find it easy to dispose of their funds. For the country as a whole, this may be good. It casts a slight cloud over the London market for industrial property.

Terry Byland

Attractive

The entry points for the M1 motorway around the Edgware region are proving attractive for warehouse property, with industry paying up to £2.75 for the new units.

Several sources commented that the importance of the motorway network to industrial property values had yet to be fully appreciated even within the industry. This trend is likely to strengthen as industry in the south continues to look for storage space rather than factory buildings. But it was widely remarked that London is better placed than some other areas of the country in that transport is often in the hands of the companies owning the warehouses, so that supplies are less vulnerable to strike action.

One interesting subject is the prospects for a Channel Tunnel or Bridge—an evergreen topic of speculation, both in the City and elsewhere. Such a development would greatly emphasise the trends already present in London industrial property.

London, as the warehouse centre not only for its own conurbation but perhaps for a large part of Europe, would indeed be a daunting prospect. Factory building might come to a halt, leaving the south a land of warehouses. It would also, of course, create a situation

Anxious

Thus, while some of the very newest developments around Heathrow are managing to command the £3 per sq ft bracket, demand lower down the scale seems to be softening.

Closer to London, the property tends to be older and with labour costs still a major problem, industry seems no longer quite so anxious to take up storage space. The most favoured areas are the in-between areas—Sunbury and Kingston, for example. Here, the best premises still command top prices.

Observers think this situation is unlikely to change while London continues to attract its daily quota of office workers, each of whom boosts the market for restaurants, pubs, cafes and the like, all of which need daily or weekly servicing from warehouses within comfortable reach.

In the centre of the City, it is dockland which theoretically offers the best opportunities for industrial development. But

Some concern was expressed that yields, now standing around the 6½ per cent mark, are below traditional levels. While both the stock market and the property industry itself continues to take an optimistic view of yields, there is a possibility that property could soon be hard to let on these yields.

It is still the East End where traditional industries—largely those involved in the clothing sector—have managed to defy all predictions and cling on.

These industries are usually formed into small units, depending on small pockets of local labour and have proved a steady source of demand, often for the older multi-storey factory buildings no longer favoured by heavy industry. But, unfortunately, the demands of this type of industry on the industrial property developer are small.

There seems a better prospect in the industrial belt to the north-west of the city. Rents of £3 a sq ft seem well in prospect and are readily taken up on the best sites. However, this level of rental still leaves yields looking somewhat suspect in the current inflationary situation.

London—2

Reversed policy

THE INDUSTRIAL property market in London, as elsewhere in the country, has been healthy over the past year, with encouraging rises in rents and land prices for the best property, and a consequent drop in yields.

However, it would be a mistake to look at the market as one unified sector—in reality it consists of a variety of local markets, and within these a variety of building types whose value changes depending on age, design, and so on. There is probably a greater combination of very old and very modern industrial units than in most other parts of the country, for both historical and planning reasons.

One of the foremost post-war industrial property developers, Ronald Lyon, recently described the factors which hampered modern development in London during the 1950s and 1960s, particularly the planners' attitudes towards old industrial property.

Expanding

It was difficult frequently to obtain an industrial development certificate for a single storey development if it meant knocking down an old multi-storey building, even though an industrial use already existed on the site.

This was all part of the get-the-industry-out-of-towns policy pursued to nobody's advantage, except those companies which were expanding and needed the more open communications links being provided by the new towns.

Certainly for small firms, the policy was one of disaster, and fortunately the trend largely has been reversed, although there is some residual opposition to developments which undoubtedly provide the employment potential badly needed by the capital.

In fact, many London boroughs are now actively encouraging, through their own development or through support of private developers, schemes which provide small units for small businesses and even crafts. Islington Council

has been active in this respect, as has Wandsworth—and both expect economic rents from their schemes.

Developers themselves are finding encouragement from organisations such as the Greater London Council's London Industrial Centre, which is taking active steps to promote and develop the Docklands along with boroughs like Newham, which is promoting development at Beckton.

There is still controversy over the massive complex proposed by the American Transmell Crow group for the Surrey Docks; with luck it should be resolved this year.

Whether it is or not, the main problem for Docklands, as with the other parts of east London which certainly need industrial and warehouse development, is poor communications. This situation is unlikely to be resolved for several years unless central government decides to put a massive investment into road and rail links and to speed up the proposed development programmes.

By contrast, areas of heavy activity on the property front are west and north west London. Demand is strong for units up to 20,000 sq ft north of the Thames in the suburban boroughs. To the west, Park Royal is becoming popular, with rents beginning to near the £3 per sq ft mark. New schemes are replacing the pre-war buildings which are obsolescent now, mainly because of eave heights, and the industrial estate type of development is taking over from the buildings which once housed big name manufacturers.

Development, as elsewhere, has moved along communications links, and it is no surprise that Heathrow continues to attract interest, with several schemes started over the last 12 months. Success here is not guaranteed, though as some developers have found to their cost, and an oversupply of larger units has depressed rents on some estates. Depending on size and location, units now fetch up to nearly £3 per square foot.

Rents in other areas are lower, with north west London showing strongly, prime units fetching up to £2.75 per square foot. And high prices are being paid for sites in this area, with prices going up to £200,000 per acre (just outside London they are even higher).

Some agents report increased demand from industrial rather than warehouse users during 1978, which is an encouraging sign. Allsop and Co., for example, notes a brisk market towards the end of last year, and forecasts a continuation of the trend this year. Pockets of over-supply, for example round Heathrow, should be taken up, and Allsop expects rents to move into line with the general levels of those in Crickwood and Croydon areas.

Potential

Allsop also floats the idea of a distinctly two-tier market emerging, with high rents for new space in prime locations, and disproportionately low rents for older property in secondary locations. But in the long term, there are still many problems which need attention before London can fulfil its potential as a truly modern industrial capital. For one thing, surveys have suggested that occupation of much old industrial property is alarmingly low—perhaps as low as 20 per cent in some areas.

Quite apart from the communication problems of Docklands and the east London boroughs, we still have no road in London equivalent to, say, the Route Periferique round Paris, unless you imagine the North Circular and South Circular roads provide any comparison. The outer ring road is slowly making progress, but it will be some years before it is complete.

Given this, there is still some reluctance to finance development in anywhere but the best areas, especially speculative schemes. Hence the importance of the local authority role in bringing the gap.

Paul Finch

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INDUSTRIAL PROPERTY IX

North East Public sector leads

THE PUBLIC sector dominates industrial property development in the North East, leaving private developers to cater for the growing, but still limited, demand for warehousing. According to a leading local agent, less than 10 per cent of the new industrial space available has been built by private developers, the rest being built by public authorities, predominantly the English Industrial Estates Corporation and local authorities. Considering the Development Area incentives given to industry such as rent-free periods and the lower rents charged by the private sector, it is not surprising that private developers find it hard to compete.

However, the situation is very different in the case of warehousing. With most advance units in the public sector being earmarked for manufacturers, companies seeking warehousing turn to private developers. Recent indications suggest an upturn in demand, especially for small units, and it is possible that some shortages will develop. For building by private developers is still at a low level because rents of £1 to £1.50 per sq ft are hardly an incentive to start new schemes. Furthermore, potential demand is far more limited than in the South

or the Midlands despite important port activities in Sunderland, Teesside and Newcastle. Most port trade is in heavy goods, raw materials, and oil which require purpose-built quayside facilities, rather than standard-unit distribution depots.

Recent road improvements have brought Teesside within day-trip distance of the southern outskirts of Edinburgh and local agents hope this will boost the area's attraction as a distribution centre. The main activity in warehousing occurs close to the A19 and the British Rail Freightliner depot and a number of development schemes are under way. But demand is still confined largely to smaller units, for which rents of up to £1.30 per sq ft are achieved and for which local agents Storey Sons and Parker suggest that demand is currently running ahead of supply. But larger units are still hard to let even at rents of £1 per sq ft.

The past few months have seen an upturn in demand for warehousing in Newcastle, especially on the south side of the Tyne. According to Bernard Thorpe and Partners, there is a tendency for companies involved in warehousing and distribution to choose to be south of the river and

accessible to the A1(M). As a result, there appears to be strong interest in some estates in the Durham area. At Bowburn, on the A177 by the junction with the A1(M) a new estate completed last autumn is, more than three-quarters let and a further 30,000 sq ft is to be built.

The majority of modern warehouse space available is north of the Tyne but even here it is diminishing. A couple of large units of 20,000 to 30,000 square feet plus several smaller ones are all that remain available on the Tyne Tunnel Trading Estate which is situated just half a mile from the Tyne Tunnel entrance. Rents achieved range from just over £1 per square foot for larger units to £1.30 for smaller ones. The market for small units has improved rapidly in the Newcastle area, especially for industrial space and Bernard Thorpe and Partners say they have agreed a rent of £1.50 per square foot for a small site close to the city centre while asking rents of £1.25 per square foot are being quoted in several instances.

Closure

Overall, the amount of warehousing available in the North-East shows a continued fall while the amount of new industrial and warehouse building has increased. In its latest survey, King and Co. shows that in December 1978 about 1,227,000 square feet of warehousing was available compared

with 1,367,000 square feet in August, while the amount of new building under construction rose from 1,287,000 square feet to 1,508,000 square feet during the same period. But the amount of factory space available rose from 4,812,000 square feet to 4,947,000 square feet.

The reason for this increase is not the slackening of demand for new buildings but the closure of major factory complexes resulting in more second-hand space coming on the market. Much of the new factory building in the North East is undertaken by the Government's English Industrial Estates Corporation and its figures for 1978 show a clear improvement on 1977. The amount of space built by the corporation was about the same as in 1977—about 700,000 square feet. But lettings totalling 890,000 square feet were achieved with 99 new companies taking space, a much higher figure than in 1977. The corporation also approved expansion plans for 25 of its existing tenants, covering 525,000 square feet. With lettings running ahead of new building, the backlog of empty space built up since the 1974 slump is slowly being cleared and a further 88 units totalling 482,000 square feet are under construction by the corporation. Another 128 units totalling 580,000 square feet are planned.

The level of rents paid by the corporation's tenants are based on "market levels" but they are far lower than anything in

the private sector and range from 75p to £1.10 per square foot. The availability of such space is clearly a disincentive to the private developer but a few contractors are partnering local authorities to provide small nursery units. One such scheme is at Hawick Crescent, Newcastle, where Indecon has leased a site from the city council and hopes to obtain rents of £1.25 a square foot. In the Middlesbrough area, small units up to 2,500 square feet have fetched £1.40 a square foot.

The new towns of the North East, Aycliffe, Peterlee, Washington and Cramlington, have had varying degrees of success in 1978. A notable coup for Cramlington was the decision by Boots to build on a 90-acre site.

However, the North East still has to push new developments to make up for the loss of traditional industries. The decline of steelmaking in Hartlepool has led the British Steel Corporation to promote its existing sites as new trading estates, with the aid of the English Industrial Estates Corporation. Because vast sites such as these are becoming available, land prices remain low and there is no risk of the supply of sites running out. It is hard to see private developers making much headway in view of the amount of building by public authorities, but there are opportunities in the field of warehousing and the provision of small factory units.

Michael Goodman

North West Successful hard sell

THERE CAN be few regions where competition among local authorities for the favours of any industrialists seeking new factories and warehouses is fiercer than in the North West. But not only are they competing among themselves but also with other regions and towns. These days an industrialist will find that areas such as Merseyside will not only extol the location and communications but also the environmental virtues.

During 1978 the North West saw a remarkable increase in the level of inquiries from existing companies in the area which were at last looking towards expansion and the long-awaited inquiries from industrialists outside the North West began to come. Probably the most successful district was Warrington New Town where nearly half a million square feet of factory and office floor space was built in the year to March 31, 1978.

Last month Warrington announced that during the financial year starting April 1979, it plans to build more than 1m sq ft of offices, factories and warehouses. The programme should provide more than 1,500 jobs and involves the construction of 184 factories and offices ranging in size from 500 to 110,000 sq ft and using 68 acres of land.

Warrington New Town has developed a total of 2,36m sq ft of factory and office space, attracting nearly 100 companies, 28 of them from Europe and North America. Merseyside is a Special Development Area and as a result considerable incentives are available to manufacturers and certain service industries which come into the area. This combined with the now effective campaign to attract industry, is breeding more confidence among developers and a number of new estates are in the planning stages or already under way.

Demand is high for the numerous advance factories now being built throughout Merseyside. Rents have increased considerably during the past year and lettings equivalent to £1.25 a sq ft are not uncommon. The bulk of the demand tends to be for factories with floor areas between 5,000 and 10,000 sq ft.

There is also an encouraging demand for existing factories and warehouses which come on to the market, providing they are in good condition and meet industry's present-day requirements. It is still very difficult to find tenants or buyers for older multi-storey properties.

Because of the area's high level of unemployment institutional investment in completed and let property in the past has been minimal; the fear of long-lasting voids in investment portfolios made investment unattractive. But over the past year several of the major funds, including some of the larger pension funds, have made a positive contribution to Merseyside by investing in new projects, and yields on some industrial schemes have been below 7 per cent.

Those responsible for attracting industry and commerce to Merseyside are doing a splendid job in the most difficult conditions. The acute social and economic problems which are part of the Merseyside scene

are being gradually overcome, and there has been a need first to dispel some of the myths and misconceptions held by those who do not know the area or its people. How successful Merseyside has been in doing this will become evident only in the next few years.

The improvement of the last 18 months has been particularly marked in the country's largest and longest-established industrial estate, Trafford Park, Manchester. Continuing motorway developments in the North West have helped to re-establish the popularity of the estate, and this has been a major factor in a whole series of "estate within the estate" developments to meet demand. Despite the high level of current building and of schemes soon to be started, demand has continued to outstrip supply and there is at present a shortage of modern building available for immediate occupation.

But even with this steady demand, rents—to take an example—for a factory with 68,772 square feet of clear span floor area and 4,000 square feet of integral offices, are still below £1 a square foot. The agents involved with this particular project, Edward Ruxton Son and Kenyon, tell me that the rent also includes 2.5 acres of land for open storage or further building.

Enthusiastic

It is often said that the level of inquiries for industrial space is a reliable measure of the country's economic wellbeing and some property experts believe that an even better barometer of future demand is how well very small units let. Few developers can be bothered to build factories or workshops with less than 1,000 square feet of floor area: such schemes usually have a greater management problem because of the high turnover of tenants.

Nevertheless, there is tremendous demand for small industrial premises and to cater for it in the Manchester area Ward Developments is to carry out a "mini" factory scheme called the Crown Industrial Estate, which will provide an opportunity to lease space of less than 1,000 square feet. The joint letting agents for the project, Elliott Field and W. H. Robinson, are enthusiastic about interest in the scheme which is still only at the detailed planning stage. The estate is to be built on just under an acre at Ancoats. A detailed planning application has been submitted to Manchester's planners asking for permission to build a total of 15,000 square feet in 11 individual factories with floor areas ranging from 950 to 3,000 square feet. Leases will be for 21 years and rents will start at 237 a week. The estate will have facilities found on most modern estates including space for turning large articulated lorries and parking for more than 40 cars. Although rentals for industrial property in the North West region are generally below what is regarded as the level to make fresh developments viable, in some areas of high or specialist demand it is again possible to build speculative factories and warehouses; and there are signs that developers

are no longer waiting for pre-lettings before embarking on new projects. For example, Jallamshire Industrial Estates, part of the construction division of the Burnett and Hallamshire group is to develop 250,000 sq ft of factories and warehouses in Bury, to the north of Manchester. The first phase of 75,000 sq ft in units of 5,000 sq ft upwards is expected to be ready for occupation next summer through the letting agents Richard Ellis.

Rory Ferguson

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INDUSTRIAL PROPERTY X

West Midlands

Confidence increasing

INDUSTRIAL PROPERTY agents and developers in the West Midlands have been sounding increasingly confident since the middle of last year. At the latest round up of opinions, this confidence remained sturdy, and was well supported by rising rental values, a good uptake of properties, and sites, and by a steady pace of new developments in hand.

But the region shows no indications of escaping its background of heavy involvement with Britain's much-battered motor industry, and the heavy and light engineering sectors so closely linked to the fortunes of BL (formerly British Leyland). The strike of Britain's lorry drivers with its consequent threat to industrial production, brought an immediate check to confidence in the industrial property sector. Agents were quick to sense that industry would hold back on its development plans until the outlook cleared. Such is the sensitivity of the area's property market.

The relatively calmer atmosphere at BL, which is progressing with its new Rover and Mini production factories, has undoubtedly helped morale in the past year. Throughout the region, agents were reporting a comfortable uptake of the traditional warehousing/industrial mixed development at rents of £1.20 to £2 a square foot.

The latest survey of the industrial property sector is due within a few days from King and Co, which expects its latest statistics to confirm the improved trend.

As in other parts of the country, it is new property which is commanding the higher prices and finding takers. The higher prices are mostly explained: most of the new property is replacing older buildings and must be built on land which has increased in value. And, of course, interest rates have been pushing prices higher since early December.

The West Midlands, perhaps more than the South of England, able to find takers for its property distinct from warehousing. This reflects the influence of BL, whose steadier

fortunes are an inspiration to many feeder companies engaged in manufacturing components. But warehousing space is also significant. The best sites for it tend to be close to the motorways, where there is ready access by road to most parts of the country. Prime sites, such as the best spots at Spaghetti Junction, the Birmingham Junction, are now fetching £1.75 to £1.85 per square foot quite readily, with £2 a square foot paid for the newest sites.

A combination of this demand for industrial and warehousing buildings has worked wonders for the area, which suffered so badly in the post-1973 collapse. Developments of the past three years have fared particularly well and only a few of the smaller developments from the worst days are still left untouched.

Particularly encouraging is the view expressed by King and Co that there is 12 months' supply of new development now in the pipeline. This would normally be a comfortable backlog for a thriving industrial

area. But such is the nervousness still abroad in the Midlands that the lorry drivers' strike, which hit industry harder than the City and the South West, brought hints that the list of new developments might pose a threat to confidence rather than boost it.

The transport strike also pinpointed another significant factor on the industrial property market. Industrial development in the Midlands has become increasingly centred around the new or planned motorways. As already noted the best sites are close to the motorways.

In fact there seems a strong possibility that some relatively depressed property areas, such as Bromsgrove, could be in for an injection of industrial vitality when the latest motorway plans are completed.

Active

In addition to its heavy industry complexes, the region has always been dominated by its major cities, which by and large have incorporated all the problems of inner decay and industrial blight common to the rest of the country. But the picture here seems to be satisfactory. In Coventry, agents say they are "very active," mostly with new development. Two new industrial estates, close to motorway junctions, are believed to be fully pre-let. The Binley Industrial Estate is a good feature and a major site owned previously by the Ministry of Defence appears to be finding takers without too much trouble.

In Birmingham, the city centre—at one time, one of the blacker spots—is now considerably brighter. The city council has taken to heart the threat to the old industrial inner city and, with the support of Government policies on urban revitalisation, hopes to maintain the expansion trend and attract new employers.

Developers are showing considerable confidence in prospects for Birmingham's inner city; it has been noted that many small businessmen are now finding that small, concentrated groups of workers are not usually willing to move out of the home area, not even when a works bus is laid on. It is these small businesses which are now fighting hard to take up premises in the inner city found so undesirable in the 1960s.

An interesting feature has been the return by small business to the multi-storey buildings erected ten or 15 years ago but now rejected by heavy industry because of the problems and expense of moving production between floors. Light industry, such as the manufacture of seat covers for BL cars, has found such buildings not only highly suitable for the work but also readily available for occupation.

Agents say that demand for

this kind of smaller inner city property is steady down rather than slowing further expansion, but they see rents still rising as supply also tightens out. The general revival in industrial fortunes has not been missed by the major institutional investors, who have long been looking at their cash balances with dismay.

With the stock market a less exciting place, both for government bonds and equity stocks, the arguments for returning to good-class property investment have strengthened, and the attractions of the west Midlands have been noticed. Yields are now proving sufficiently rewarding to tempt these big investors. Always notable among them has been the Scottish Equitable Life Assurance group, which has joined with local authorities in the area to provide finance for developments offering industrial sites to local industry.

Institutional investors have provided much of the underpinning for the new development now in hand. Until relatively recently, the institutions were more willing to take on industrial developments in an area clearly on the recovery road than to involve themselves in office buildings, which had proved such a snare in the past. They judged, probably correctly, that it would take longer to find takers for them since business usually needs factory space before it needs office space.

This has proved a successful investment policy so far. Office blocks have remained elched in the mind of industry as the disaster area of the early 1970s, to be left alone until industrial production has established its recovery.

Most sources in the area agree that there is a danger of over-confidence. The general uncertainties about the national economy over the coming year should be enough to damp down any speculative enthusiasm. The West Midlands has shown before that its high level of dependence on the motor industry makes it very difficult for the region to avoid being the first to reflect any sign of flagging in the national spirit.

Some agents suggest that it is warehouse construction which now leads the field in the west Midlands, and that new construction of factory buildings has been levelling off as needs are met. If this proves so, and there are no very recent figures to support the view, then any check in industrial expansion could push the industrial property market back into gloom again.

The response in the property market and in industry generally to the transport strike indicates that confidence in the West Midlands is still fragile and that new construction could be blocked quickly if the outlook suddenly appears less certain.

East Midlands

More factories

THE EAST MIDLANDS has shared in the general improvement seen in the Midlands, although indications are that its recovery has lagged behind the Birmingham and Coventry areas which have been helped by the upturn in the motor industry.

Over the past six months, the region has recorded the same trends seen elsewhere: an increase in buildings under construction and a decrease in some types of industrial property available for letting. But the changes in the various totals have been more marginal. Six months ago, the region still had a substantial number of factories vacant and the upturn in new building was very small. The latest statistics are still being prepared but they appear to suggest that more factories are now being built, but fewer warehouses.

This could be a favourable factor, for the East Midlands generally has found it harder to attract the solid factory development which is the bedrock of any industrial area.

Nottingham would have a good case for considering itself the commercial strongpoint of the East Midlands, and it is not surprising that the city council has put itself in the forefront of industrial property development.

The city is fortunate in having a strong and widely-diversified industrial base, with Boots and John Player among the household names. The council has set up, through its Industrial and Commercial Development Unit, a property register which provides comprehensive information on all commercial property available in the city. Additionally, the council actively promotes properties and tries in many ways to attract industry to the city.

This kind of high-powered local authority backing for industrial property business—or indeed for any other kind of property business—is not as common as it might be, and it has played its part in keeping Nottingham in the vanguard of the East Midlands property scene.

Leicester also has established itself as one of the more active and attractive centres for the industrial property developer. Rents are appreciably below the levels charged elsewhere, which is only to be expected in a town whose cost of living is among the lowest in the country.

The city has the advantage of a local tradition of small

businesses which has kept inner city properties on the move. And like so many other cities it has turned its back for the time being on its empty office blocks—which are by no means as numerous as once they were.

With its excellent communications, Leicester has proved a big attraction for industrialists seeking warehousing space. It claims to be as near to the centre of England as makes no difference, is at the centre of the motorway network, and has excellent airport links with Europe. These factors provide a powerful attraction for industrialists and have buttressed demand for modern warehouse space.

transport to bring in the stocks which small businesses tend not to want to hold in their own factories.

Many industrialists and property agents express the dilemma faced by the region. It has an excellent infrastructure of small to medium-sized industry—shoes, drugs and so on. All these would support a much larger industrial property complex than they do at present—if only they could expand just a little. As it is, the region tends to be overshadowed by the heavy motor and engineering factories on the other side of the region.

This tendency is resisted valiantly by both industry and local government in the East Midlands. Indeed, the determination of the city councils outstrips that of others in more favoured parts of the country. Local authorities in Leicester and Nottingham are typical of the region in their efforts to promote industrial use of property sites, as well as rejuvenation of the housing base.

Recovery in the East Midlands seems sound and well-based. But, as with so much of the industrial centre of England, all depends on a continuation of the general recovery in industry. By later in the year, it should be possible to establish the depth of recovery in industrial property.

Stimulate

However, the city council has responded to the view that warehouse operations alone are a poor recipe for full employment and acted to stimulate factory production.

On the north side of the city, the council has opened development of both the Beaumont Leys site and the Gorse Hill Industrial Park. These will provide sites for light industry, with the first becoming available in the middle of this year and the rest in 1980.

Private developers are at work on a 100-acre site in the centre of the town. It is generally acknowledged, however, that Leicester could benefit from more land for factory development—a claim that cannot be made by many towns in the East Midlands.

Derby faces special problems. After a rich and proud history as a heavy industry city, Derby is now seeking to diversify into a more general business centre.

This has left the industrial property developer with a difficult problem. Most of the property is old and was built for industrial purposes now unlikely to appear. Office accommodation has thrived but it has proved too early so far for the city to create a new industrial heritage to replace the old.

Outside these important towns and cities recovery is patchy, with motorway access often providing the main stimulus. One agent went so far as to say that access and availability were more important than price when it came to finding customers. Properties in the less accessible areas are still

of considerable interest to property developers but here a main problem has been confined mostly to the towns. Coventry, for example, has seen much refurbishment.

The region suffers from the general lack of demand for the servicing industries now so significant in other industrial areas. These ancillary industries have often provided the cushion which maintains business activity even when heavy industry meets a slack period.

The constant need to store foodstuffs, household goods and leisure aids for the factory workers has kept a host of warehousing activities in motion in the West Midlands. But the east of the region, with industry generally smaller and restricted to fewer towns, lacks the population concentration to maintain strong service depots.

The motorway network, in many ways so valuable to the East Midlands as a source of trade, tends to act against its best interests in this respect. Warehousing space is readily available closer to the Birmingham/Wolverhampton area, and it is easier to service the East Midlands by road from there.

This, of course, increases demand for warehouse space in the East Midlands and so the wheel continues to turn. The disadvantages of such a situation were brought home dramatically with the lorry drivers' national strike. This hit particularly hard in the East Midlands, which depends heavily on road

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INDUSTRIAL PROPERTY XI

South West

Conflict with the planners

THE SOUTH WEST has attracted its fair share of office development over the years but on the industrial side it has traditionally been a poor relation—though there are some indications now that the imbalance is beginning to be redressed.

Because of the residential nature of the area it has attracted employers of office staff because labour can be attracted at lower rates than in the capital and there is more chance, so the argument runs, of retaining key personnel if decentralisation is aimed southwards rather than northwards.

The industrialist, on the other hand, has had little incentive to head to the South West. There are few areas of the region that can boast sufficient numbers of skilled industrial workers available for employment and the communications network is still desperately thin in some parts. The increasing opportunities supplied by the gradual improvement in the motorway system has helped speed up industrial development in some areas, however.

One of the problems of the South West is the conflict of interests of the various parties involved in new development. The desire of the local planners is to attract industry to help reduce the region's high unemployment levels. They need to draw in small businesses, but private developers—who are keen to build sites which will attract institutional finance—are often reluctant to get involved in very small units.

Besides that, much of the demand for property is for warehousing rather than manufacturing. Developers are therefore pushing to build ware-

housing along the motorway links rather than the manufacturing units which would ease the local unemployment problem. Again there is a conflict between planners and developers.

Finally, there are the conservationists and those whose interests are geared towards the tourist industry. There can be a strong lobby on local councils against industrial development.

Yet despite all these obstacles the industrial property market in the South West has picked up. The latest King and Company survey shows that demand has increased sufficiently to drop the amount of vacant warehouse space by 18 per cent to 1,338,000 sq ft, while factory space has fallen by a similar amount to 1,258,000 sq ft. Building under construction, on

the other hand, has gone up from 258,000 sq ft to 392,000 sq ft.

Bristol, which is the most important feature of the South West from an industrial angle, has seen an impressive rise in rents over the past year, according to a recent article in the Estate Times by a member of Hartnell Taylor Cook. Rents which were pitched around £1.30 per square foot at the beginning of 1978 have climbed to around £1.75 and with a shortage of development land available market men are talking of £2 per square foot before not too long.

Avonmouth, meantime, has also seen an impressive increase in rental levels. New buildings could be let for £1 per square foot 12 months back, but now rents are up to £1.50 for smaller units.

Exeter, with its motorway links, is also popular. There are two large estates which have proved fashionable—Sowton and Marsh Barton. Lalonde Brothers Partnam in Exeter say that they have let 38,000 sq ft in Sowton in the past six months with the smaller 3,000 to 4,000 sq ft units attracting strong demand. According to the local agent, rents for small units are around the £1.75 per square foot mark against £1.50 a year ago while larger sites—20,000 sq ft—will be let at £1.50 against £1.10 at the beginning of 1978.

Lalonde Brothers also recognise the local conflict of warehousing versus manufacturing capacity but claim that they are gradually winning planners over to the fact that a distribution centre can sometimes provide more employment than a small highly automated factory. So mixed development is now proving less of a problem.

Gloucester has a reasonable supply of land, and industrial property there commands rents of around £1.35 per sq ft. Ashville Properties of Wimbledon, which is developing a £2.5m site close to the M5, has already built and let 150,000 sq ft of warehousing and industrial space and is now entering the third and final phase—already 90 per cent pre-let.

The site has created 350 jobs so far through incoming employers such as Allied Breweries, United Biscuits, RTZ, Serck, the DoE and Macarthy's Pharmaceuticals.

Lobby

Cheltenham, although close to Gloucester, displays a different picture. There is little space available at present and rents have crept up to over £1.40 per sq ft, perhaps nearer £1.50. Further development is expected and the demand is likely to be considerable so rents may push ahead even more.

One area that has its problems is North Devon. Communications are still thin and land for development is not easy to come by. Here the conservationist lobby is strong, and the county council controls much of the land that might be used for development. Local agents John C. Webber say that they get a considerable number of enquiries for small units because of the development grants that are available, but rent levels still reflect the lack of significant interest by industrialists.

Despite the Duchy's bias towards the tourist trade Cornwall's planners are keen to attract new employers and encourage existing businesses to expand. Unemployment is running far above the national

average and in some places such as St. Ives it is frighteningly high. All the county is an assisted area but despite this the region really is too far down the road to attract industrialists to any great extent.

The Plymouth region in contrast is popular with industrialists. Grants are available and rents for new buildings are in the region of £1.35 to £1.40 per sq ft.

Overall the confidence felt at the beginning of 1978 has proved well-founded in the South West and with the continued development of road networks a steady improvement in demand for industrial and warehousing space looks likely to continue.

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New Towns

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THE NEW TOWNS concept is now politically dead. Over two years ago the government first intimated that it was turning its face against further expansion of new towns; now it is clear that the government's attitude is permanent.

Only recently the related concept of expanded towns was formally abandoned by Mr. Peter Shore, Secretary of State for the Environment. The government's argument is that over the decades the new and expanding towns have not played a significant role in the emigration of people from the old cities.

The facts show, according to studies, that although jobs and people did leave London and the other cities, most did not go direct to the new towns or the expanded towns. Many people, it seems, went to areas where there was no planned dispersal programme and the jobs were simply lost.

This evidence made the local authorities in the old cities reluctant to provide the money for housing in the designated

expanding towns, at a time when central government, in any case, was switching its attack from dispersal to regeneration of the inner cities.

In combination these factors have been sufficient to bury the whole concept of planned development in designated decentralised areas.

Most of the new towns have had their population targets reduced (though to be fair this has been in part because of reduced forecasts of population growth). The South-East's population, for instance, is expected to remain static at about 17m for the next two decades.

One—Stonehouse, planned as the fifth Scottish new town, has been scrapped altogether. A second—Central Lancashire New Town—has a doubtful future.

The two cases reveal some of the central paradoxes involved in the new town concept. Stonehouse, on paper, looked most likely to succeed. It was to have been administered by one of the most successful development teams in the country

which had already masterminded the remarkable success of East Kilbride.

The key factor in Stonehouse's demise was the growing feeling that funds should flow directly into Glasgow itself where even the success of East Kilbride had not eased the problems of the decaying east end.

Central Lancashire New Town faces almost the opposite problem. The setbacks and difficulties encountered by the existing new towns which encircle Liverpool have created a considerable degree of disillusionment in the North West over new towns. And in addition, of course, the idea has taken root that money should be spent within Liverpool and Manchester and not outside the cities.

Vacuum

The effect of all these changes has been to create a sort of vacuum in which no further new towns can be established and in which the existing ones continue to follow slightly curtailed development programmes without much encouragement from central Government and with growing discouragement from the local authorities, they originally existed to help.

On the other hand no major alternative regional policy has been introduced in place of the new towns concept. The notion of inner city rejuvenation is widely supported but the machinery to carry it out has not been forged and the funds allocated to it so far are risible. Ironically, the only beneficiaries of this planning volte face may not be cities at all. The Department of the Environment is at present considering setting up a special rural development partnership scheme similar to the inner city partnerships.

These apparently would offer special incentives to small industries wishing to set up in rural areas where they are regarded as fitting in with the scale of the area. Because the overall programme would have to be small in scale it has a fair chance of success, where the partnership schemes in the inner cities can

only be a drop in the bucket.

Meanwhile, how is all this affecting the day-to-day workings of the existing new towns? For the past two years attention has been focused almost exclusively on the political about-turn which has left the new towns out of the mainstream of Government development policies. This has tended to leave people with the feeling that the new town movement has ground to a halt.

In fact nothing could be further from the truth. During the past year, all but a handful of the new towns—those with extraordinary problems of location or population—have made major strides in attracting new industry.

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By now many of the New Towns have grown up to the point where they can offer most of these services to a reasonable degree. At that point the two special advantages of the new towns do begin to weigh with industrialists on the move. The special powers of the new towns in terms of incentives for industrialists match those of the special development areas. They include rent-free periods, direct grants for buildings and plant help with redundancy payments and staff relocation costs, and cheap or interest-free loans.

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INDUSTRIAL PROPERTY XII

Wales

Ford factory a big coup

WALES may lack the financial incentives of a region like Northern Ireland and clearly cannot compete with the geographical appeal of an area like the South-East. But during a year when industrial investment showed some signs of picking up, the Principality did not miss out on opportunities to attract the expansion-minded manufacturer.

The big coup of 1978 was of course the decision by Ford to build a £180m car engine manufacturing plant near Bridgend. The new premises will occupy a 175-acre site and are expected to provide about 2,500 new jobs when they open in 1980. At the same time there is bound to be further local spin-off in terms of supply and service industries.

The Ford scheme is significant not only because of its size but because of its location. The new plant will be sited in the heartland of South Wales, which is currently suffering from a severe structural crisis. Traditional industries like coal and steel are breaking up, leaving an abundance of surplus labour which is not easily absorbed by the smaller more capital-intensive businesses which often replace the older.

Within the past year or so British Steel has announced the closure of plants at East Moors, Cardiff and Blaenau, Gwent, while 2,000 steelworkers were made redundant at Ebbw Vale. It is this surplus labour which the Welsh Development Agency (WDA), by far the most important developer and the biggest industrial landlord in Wales, is currently attempting to exploit. It was the WDA, which from its own resources and by buying from private owners provided the land for the Ford venture.

At the same time, in direct response to the social implications of massive redundancies, the WDA has also embarked on a special crash programme of factory building in Cardiff and Ebbw Vale. In Ebbw Vale the Agency is building 48 advance factories and developing a major industrial estate at Rassau. The first factories should be completed in April or May and although there have not yet been any firm allocations there are apparently one or two "very interested" enquirers.

Progress in Cardiff has been slower, mainly because the WDA first had to find the land. Work on 19 of the 20 additional

advanced factories is now under-way while a start on the twentieth will be made soon.

The above programmes are part of an emergency package designed to meet the threat of closures in traditional Welsh industries. In addition, as part of the WDA's general factory building programme, 17 factories are being constructed on a major new estate near the Shotton steelworks on Deeside in North Wales. This is also an area which has experienced serious job losses in the steel and textile industries.

The WDA is one of several agencies attempting to promote industrial investment in Wales. It is, however, easily the most important, encompassing both the roles played in England by the National Enterprise Board (providing equity capital and loans) and the English Industrial Estates Corporation.

Function

The Development Board for Rural Wales is a sister organisation which operates on a much smaller scale in the depopulated heartland of the country; the Development Corporation for Wales is primarily a marketing organisation; the Welsh Office hands out grants and other incentives (most area status); and the Land Authority for Wales also has land available for development, essentially carrying out the function of implementing the Community Land Act performed in England by local authorities.

This proliferation of agencies has attracted Parliamentary criticism but MPs claim that the businessman is confused as a result are strongly refuted in Wales itself.

Last year the WDA, which was founded in 1976, certainly improved on its track record for 1977. Its factories cater for units of 1,500 sq ft up to premises of 50,000 sq ft. In 1978 the Agency let more than three times as much space (over 1m sq ft) as it did the previous year (360,000 sq ft). These figures exclude non-speculative developments, i.e. those built to a particular specification.

The WDA also reports a big increase in enquiries for 1978 which has led to the allocation during the year of some 70 units, against 30 in 1977. New

tenants include E. Gomme, part of the High Wycombe G-Plan furniture maker, and JCB Transmissions, which have both moved to Wrexham. A Swedish wire basket manufacturer and Girling Midland Ross, part of Lucas, have taken sites at Tafarnaubach, while National Panasonic, which already has a factory at Cardiff, has taken over an adjoining 50,000 sq ft for hi-fi equipment and music centres.

Apart from the hopeful if flickering signs of revival in the manufacturing sector, the WDA believes its vigorous promotion policy has contributed to the increased interest. In November, for example, it ran its first TV advertising campaign on ITV; this resulted in a substantial flood of enquiries. Major developments like those just mentioned and particularly the Ford success has probably focused more attention on the region.

Communication links are always an important factor which any industrialist has to take into account. It is no coincidence that the better developed areas of south east Wales are most easily accessible by road and rail from London. In south Wales the emphasis has been on the siting of new projects on the northern strip of the coastal plain following the line of the M4. The opening of this motorway westwards from Cardiff and the prospect of further extensions in future and the supply of missing links, is also significant. North Wales, meanwhile will benefit from the dual carriageways which are to be built to connect Chester with Bangor and Chirk.

On the developments of the past year or so Mr. Colin Ryland, of chartered surveyors Cooke and Arkwright, has these observations: "It is now beginning to be understood on the other side of Offa's Dyke that the natives are friendly, that the Home Counties are only two hours away by motorway or high speed train and that the popular image of south Wales as a land of coaltips and pitwheels could not be further from the truth."

Mr. Ryland also maintains that the attractions of the area are reflected in high house prices—higher, in fact, than anywhere else in Britain except certain parts of London.

While the Welsh Development Agency dominates new factory development in Wales—its chief criterion is 'social,

namely employment, and therefore it does not need to operate on strict commercial lines—the private sector largely is left to exploit the warehousing market.

Private factory development, on the other hand, is largely snuffed out by the high level of WDA activity. There are still a few companies eager to buy their own premises outright but virtually all privately rented factories were built well before the WDA was thought of. In some cases rents can be very low. Warehousing provides the main opportunities for the private end of the market and throughout the past 12 months

rent levels have generally moved steadily ahead. Cardiff is still the prime area, but thanks in part to the Ford catalyst Bridgend has experienced a big revival. Over the year warehouse rents, according to one agent, have risen about 50 per cent and the best modern units up to 10,000 square feet are making £1.30p to £1.35p a sq ft, with demand at the moment outstripping supply.

Rents in Cardiff are nearer the £1.40p mark and with the legacy of a tight local government boundary prior to re-organisation there is precious little slack in the market.

Cooke and Arkwright cites the example of Pyle, a small South Wales village sited round a crossroads which just happens to be near the M4. Rents on the Village Farm Estate, dismissed in previous years as a hopeless development, have risen dramatically during 1978. One 20,000 sq ft unit let earlier this year commanded £1.15p a sq ft and even this is now thought to be an undervaluation.

Newport, meanwhile, is comparatively short of good warehousing accommodation, though supply seems adequate to cope with demand. Although only 10 minutes by road from

Cardiff and physically nearer to the centres of economic activity in England, rents in Newport are reported to be considerably lower than in the capital.

Swansea provides another contrast, with the WDA active in the warehousing market. Observers comment that the town's political history has also discouraged private speculative development.

What of the future? While present activity is admittedly unexciting, rental levels show no sign of falling off and once the winter cobwebs have been brushed away renewed demand is expected.

So far as the WDA is concerned, the projections for 1979 reveal a significant trend. Of the 239 advance factories (14m sq ft) which the Agency hopes to complete, 311 but 49 will be units of 5,000 sq ft, 3,000 sq ft or 1,500 sq ft. This is in direct response to an identifiable demand from up-and-coming small businesses which need room to expand. Whereas the big names will always attract publicity, it should not be forgotten that industrial development depends just as much on those whose size and origins are as yet still humble.

Tim Dickson

Scotland

Lending rate increase bites

DEMAND FOR warehouse and industrial property in Scotland has been reasonably good in the six months to December 31 last, according to an industrial property review commissioned by Kenneth Ryden and Partners, chartered surveyors based in Scotland.

"However, we have experienced a marked cutback in enquiries subsequent to the recent sharp increase in Bank lending rate, exactly the sort of effect it was intended to have," the report says. "We hope this is a temporary situation and the economic forecast for the next six months would appear to indicate that we might anticipate a healthy rate of take-up."

The optimistic economic forecast is based on the expectation that investment expenditure will continue to rise through the early part of 1979.

This appears at first to fly in the face of the underlying pessimism in the forecast, which suggests a slowdown in the rate of growth of consumption expenditure plus a squeeze on corporate profitability as a result of higher interest rates.

But, argues the report, it takes time to make and then implement investment decisions. As a result, there is a backlog of plans awaiting im-

plementation. The report said the reason for the demand for warehouse and industrial property in Scotland was the result of interest shown by national companies in warehouse and distribution depots. There has been comparatively little demand for new manufacturing space.

The supply of stock from private developers has fallen over the period but the total overall stock position has not been greatly affected because of increased activity by the Scottish Development Agency.

Rentals have not changed dramatically in the past six months but there has been growth in some areas. The report says that in Glasgow in mid-1978 average rents for modern warehouses were at £1.35 per square foot, and would have risen to about £1.45 per square foot by the end of December.

Industrial investment yields have been relatively stable and good let industrial/warehouse investments in the central area have steadied at around 7½ per cent to 8 per cent. The market for second-hand industrial property, which has traditionally always reflected good value provided the purchaser could utilise the accommodation with the minimum of adaptation, has been hit by the rating revaluation. "Some of companies—a role which has led

to considerable controversy. But the bulk of its investment goes into advance factory building. It now owns around 601 factories in over 175 locations.

With its massive budget SDA is seen by most independent observers to have a potentially large impact on the Scottish industrial property scene. Not so, says the Kenneth Ryden report. "The scope of the financial powers of the agency indicates that its role must be a modest one."

"In terms of industrial investment the contribution of the agency may be significant, but must fall a long way short of transforming the volume of investment." The report's conclusion is based on the premise that, over a five-year period the Agency's expenditure on industrial function might amount to £120m, or roughly £30m a year. Although the report does not mention it, the SDA does play an important part in complementing the activities of private developers in the sense that it usually chooses sites which the private developer would not regard as prime. After the property market collapse private developers tended to concentrate on the main industrial areas of Glasgow, Edinburgh, Stirling and Aberdeen.

Part of the SDA's function is to invest directly in Scottish property—a role which has led

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looked for a time like the recession of 1974-76 might repeat itself as over-capacity pushed rents and values down. But the excess supply seems to have been absorbed and a degree of equilibrium has been restored to the market.

The new towns, backed as they are by State funds and armed with grants, loan packages and the ability to offer rent-free periods, provide stiff competition to the existing industrial centres. Livingston New Town was late last year granted an additional 176 acres within its designated area to provide for further industrial expansion.

Irvine has also been attracting industry and has a bery of multinational covenants including such names as Beechams, Volvo, ICI, Monsanto, Rockware Glass and Hyster, the U.S. fork lift manufacturer, on sites in or around the town.

But the outlook for Scotland in the longer term does depend to a very large extent on the general health of the UK economy. The Kenneth Ryden report suggests that a worsening in the nation's current account position, made inevitable by the Government's current economic policies, is being masked by North Sea Oil revenue.

Terry Ogg

Industrial Properties

To Let/For Sale



SCOTLAND

Scotland Street Trading Estate, Glasgow
New quality warehouse units being built in the centre of Glasgow from 1,800-31,000sq.ft. To Let.

Templeton Street, Glasgow
Industrial complex extending to 390,000sq.ft. including offices and canteen. For Sale.

St. Andrews Industrial Estate, Glasgow
New units to be built in the City Centre to tenants' specification with occupation in late 1979. Total development size 78,000sq.ft. To Let.

Motorlink Estate by Glasgow
New units to be built from 15,000sq.ft. upwards. This estate is located at the end of the M74 close to the connections with the M73 and M8 and is ideal for distribution to all parts of Scotland. To Let.

Richard Ellis, Chartered Surveyors
75 Hope Street, Glasgow G2 6AJ Telephone: 041-204 1931 Telex: 778647

Tradeston Industrial Estate, Glasgow.
Last unit of 20,250sq.ft. available in this City Centre estate which has Brown Bros., Bestobell, Tytrak and Maccas as tenants. To Let.

East Mains Estate, Phase IV, Broxburn: Edinburgh Airport
Units from 4,000sq.ft. Available from Autumn 1979. This estate is located at the junction of the M8 and M9 motorways, just west of Edinburgh. To Let.

Albion Trading Estate, Glasgow
Units from 5,400-22,750sq.ft. Ready for occupation. Just off the Clydeside Expressway. To Let.

Possilpark Industrial Estate, Glasgow
Last two remaining units of 4,500sq.ft. and 5,200sq.ft. Available in North Glasgow. To Let.

Livingstone Street, Clydebank
Industrial complex of approximately 200,000sq.ft. with craneage on 11 acre site. Accessible to Glasgow City Centre and Airport. For Sale.

ENGLAND

Northern Home Counties

Argyle Way, Stevenage
Phase 2. New warehouse units from 6,000-50,000sq.ft. Available to Lease early 1980.

Leighton Buzzard
12,880sq.ft. warehouse. To Let or For Sale. Additional land available for tenants special requirements.

Bond Avenue, Bletchley
Three warehouse units each of 8,800sq.ft. To be erected this year. For Sale or To Let.

South West

Andover, Hampshire
2,200-6,000sq.ft. of factory/warehouse units. Ready for immediate occupation. To Let.

Sowton Centre, Exeter
20,000-60,000sq.ft. of warehouse/factory units. To be built to tenants requirements. To Let.

West London

The Pasadena Trading Estate, Hayes, Middlesex
New factories and warehouses from 7,000-100,000sq.ft. Ready March 1979. To Let.

North Acton Road, Park Royal NW10
New warehouse units from 7,000-44,000sq.ft. Available May 1979. To Let.

Heston Centre
New warehouse units near Heathrow Airport. From 10,000sq.ft. Available Autumn 1979. To Let.

South London

Merton Industrial Park SW19
23,000-95,000sq.ft. of prestige warehouse/factory units. To Let. Immediate occupation.

Wewco Estate, Old Kent Road SE15
24,000sq.ft. warehouse/factory development. Divisible into three units. Available for letting Summer 1979.

North London

Brunswick Industrial Park, Southgate N11
New factories and warehouses to let from 9,000-100,000sq.ft. Ready Spring 1979.

Marshgate Trading Estate, Stratford E15
Modern industrial warehouse estate with units from 11,000sq.ft. Available to lease with immediate occupation.

Airborne Estate, Southend
Recently completed warehouse estate with two remaining units of approximately 9,000sq.ft. Available to lease with immediate occupation.

Kirkby, Merseyside
10,350sq.ft. warehouse. To Let or Lease for Sale.

Richard Ellis, Chartered Surveyors
6/10 Bruton Street, London W1X 8DU Telephone: 01-499 7151 Telex: 262498

York House, York Street, Manchester M60 2DL Telephone: 061-236 9335 Telex: 667359

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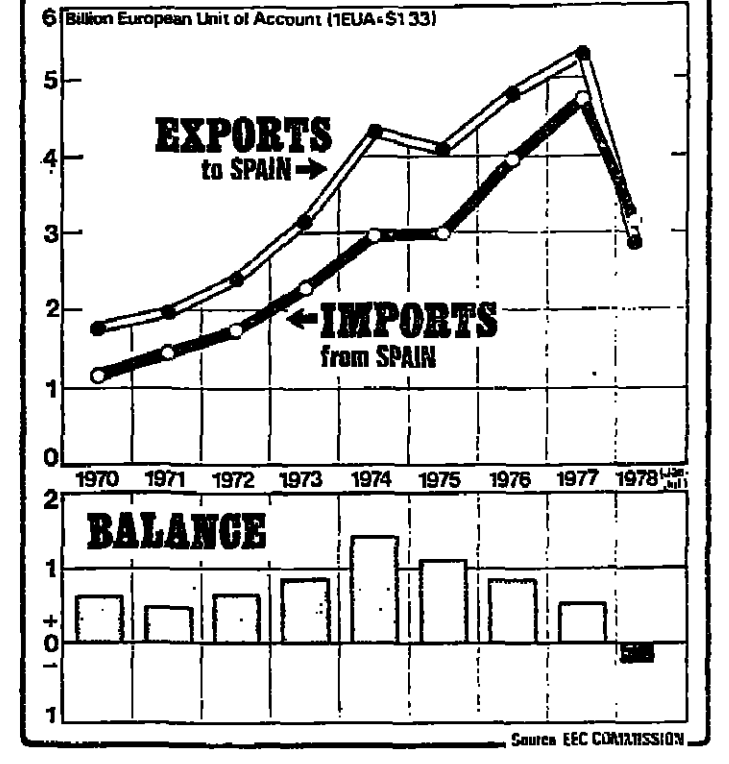
Richard Ellis

EEC MEMBERSHIP

BY ROBERT GRAHAM IN MADRID

Spain comes in from the rain

The EEC's Trade with SPAIN



YESTERDAY'S ceremony in Brussels marking the opening of negotiations between the European Community and Spain on the latter's application for entry was little more than a formality. The real negotiating will not begin for a while yet. Nevertheless the Spanish Government regards the event as of great symbolic significance: it is the first concrete step towards closer integration with Europe after the isolation of the Franco era, and as such represents the reassertion of what Spaniards see as their natural European identity.

With Brussels we have been rather like a man standing impatiently in the rain on a doorstep. Now the door has been opened, we have been admitted to the waiting-room and we can be more patient," says Sr. Leopoldo Calvo-Sotelo, Spain's Minister for European Affairs, who a year ago was given the task of setting up this Ministry and initiating negotiations. He admits that he has been in a hurry to reach the formal negotiating stage. He pressed for early completion of the Commission's opinion on the application, and the Commission was quicker than expected in delivering the opinion last November; he then pressed for an early start to negotiations, which again he seems to have obtained.

Mainstream

Such haste stems from the political nature of Spain's application for membership. The application, in July 1977, came barely six weeks after the first democratic elections in Spain for over 40 years. It was designed to ensure that Spain attained itself firmly to the mainstream of European democratic political life. Since then the Government has attached psychological importance to Spaniards being given formal evidence of such a link as

quickly as possible. One suspects there has also been an element of making up for lost time, and catching up with the earlier applications by Greece and Portugal.

The European card has been played by the Government to help its political respectability as well. Monday's ceremony in Brussels preceded by two days the opening of the campaign for the March 1 general elections. Sr. Calvo-Sotelo says this was "coincidence," but it was certainly a happy one. The Socialists claim that the Government pressed for an early formal opening of negotiations solely for political motives, since serious discussions will not start until October. Although attacking the Government for political opportunism, it is significant that neither the Socialists nor the two other major Opposition parties, the Communists and the Right-wing Alianza Popular, have opposed the idea of Spain joining the Common Market. As the consequences of membership have become better understood, their reactions have acquired more nuances. But nothing has changed their basic acceptance of the need for membership.

Although Spain's population is 36m and the country is ranked 10th in the league of industrial nations, the Spanish negotiators admit that they are coming to the table in a position of weakness. Spain's economy has been heavily protected and is unused to the kind of free-trading conditions to which EEC countries have become accustomed. They are nevertheless proceeding on the assumption that it is in the interests of the Community to absorb a Spain that is not seriously weakened by the consequences of its entry. The main impediment to Spanish entry is the extent to which public opinion can—and will—become mobilised on particular issues. At present public opinion is remarkable for its indifference: membership

of the Community is regarded as a "good thing," yet without real reason, and the vast majority regard membership as having been decided in advance for them by the Government.

A survey compiled by the Ministry for European Affairs, based on a country-wide series of meetings held from October through to December with all major economic and political groupings, provides an insight into the opinions of those most directly concerned. Chambers of commerce, agriculturalists, industrialists and trades unions showed themselves more preoccupied with the effects of the recession in Spain than the consequences of joining the EEC. (In this respect several have pointed out the added weakness in Spain's negotiating position when its economy is in such a problematic shape.) A good deal of cynicism was encountered, with people believing that the Government would trade the political gain of membership against concessions in the economic sphere. There was also scepticism over the Government's own view of the negotiating timetable—conclusion of the negotiations by 1980 and the ratification of an agreement by 1982-83.

The Ministry's report leaves the impression that serious reservations exist in the minds of many, in no matter what sector. These reservations are fuelled, moreover, by the slow preparation of detailed sectoral studies on the effects of entry. The absence of any public debate or organised bodies of opinion on specific topics is probably misleading. The one instance of strong pressure seen so far has been the fishing lobby, which has protested strongly to the Government over restrictions of Community fishing licences.

Agriculture poses the greatest problem in the negotiating process. Spain's foodstuff exports to the Community have declined slightly in volume terms since the beginning of the '70s, while

industrial and consumer goods exports have continued to grow. Agricultural exports account for just over 25 per cent of total sales to the Community, compared with 45 per cent in 1971. But on enlargement, Spain's huge and dynamic citrus production, its sizeable olive oil and wine surplus capacity, and its modern tomato and tomato paste industry will come full square against the vested interests and complexities of the Common Agricultural Policy. Forced to operate against fierce competition from non-Community Mediterranean producers like Israel and the Magreb countries, Spanish farmers would like to see the Community as a privileged agricultural market which could absorb substantially more than the current 65 per cent of Spanish agricultural exports.

French farmers

But the farmers know they do not have a powerful lobby like their compatriots in France. They sense that Spain's industrial interests will prevail over agricultural ones at the negotiating table. Beyond this, they feel that the Government cannot effectively fight the sustained opposition of the southern French wine producers or win satisfactory concessions on citrus exports against the opposition of southern Italian farmers. Meanwhile, the structurally weak milk and beef producers in Galicia fear that they will suffer badly from existing Community price policies.

The Government has neither offered nor been asked for an opinion on the CAP. However, officials make no secret of their desire to see Community agricultural policy reflect more favourably the interests of the Community Mediterranean producers. The sensitivity of this issue means that it is unlikely to be raised in negotiations before accession (at least by the Spaniards). On the other hand,

because Spanish industry now faces major structural problems—especially in the steel, shipbuilding and textile sectors—better co-ordination of Community industrial policy is likely to be an early theme. Those in the steel and shipbuilding sectors believe that Spain, as a candidate country, will now be treated more favourably. Sr. Calvo-Sotelo says he would like to see Brussels accept the principle that the restructuring of Spanish shipbuilding and steel be treated as part of an overall Community plan.

But the two sides, it would seem, have a long way to go before reaching understanding. The Community appears to view Spanish industry as aggressive, heavily Government-supported, still relatively low-cost, and capable of ruthless dumping practices. Not all of this is wholly fair. For instance, the Community recently complained about the 1939 "buy Spanish Act" which can oblige public concerns and private companies to buy Spanish goods. Spanish sources say this Act was last used in 1975 and can apply only to those industries operating in 1939 (which was not that many).

However, the Government does offer tax rebates to exporters of up to 25 per cent and more. This is now the single most thorny issue with the Community, according to Spanish officials.

It is debatable how much support the Government can remove without prejudice to industry. Spanish industrial overheads in the past three years have risen at three times the rate of Spain's European competitors. The financial structure of the majority of Spanish companies is weak, and has been further sapped by the effects of poor planning that failed to take account of the economic slow-down. The financial system itself is weak and there is no easy access to medium- and long-term finance. Meanwhile, productivity has

declined sharply and will do so further as a result of inflexible labour laws, the infant state of relations between trades unions and management, and the generally poor quality of management. In other words Spanish industry—at least that part in Spanish hands—is likely to become weaker and less competitive in the short term.

Much interest focuses on regional policy and how this will affect both existing plans for autonomy and the present concentration of economic activity. Substantial Community aid to poor regions could be one of the sweeteners offered by the Community in negotiations. But economists argue that the logic of EEC membership will be to increase the industrialisation of those areas already most developed and which are closest to Northern Europe—the Basque country and Catalonia. In this respect the regions of Andalusia, Extremadura, Galicia and the Canary Islands are extremely concerned because of the potential wider income gap between themselves and the rest of Spain. The Canaries present a problem of their own. Since they are a Customs-free zone, they will have to opt whether to retain this status or come within a Community regime. Canaries industrialists dislike the dismantling of tariff barriers as they say this would prevent moves to industrialise the islands. The merchants fear Community taxes on goods imported from the U.S. and Japan; on the other hand farmers selling tomatoes and foodstuffs definitely want to be inside the Community.

The complexity of these various issues means that Spain must now take the negotiating process slowly, according to Sr. Calvo-Sotelo. Nevertheless he says he is considering some "anticipatory actions" during the negotiating period. For instance, he expects changes to be made in legislation concern-

ing monopolies, of which there are currently three in Spain—the telephone company Telefonos, the national petroleum distribution company Campes, and the tobacco company Tabacalera. Changes are also being contemplated to liberalise automotive imports.

Spain is also looking at ways whereby it can begin to be part of the Community decision-making process—or rather so that Spain can be more closely consulted on decisions taken by the Community that affect it. One contentious issue is the position of the 500,000 Spanish workers inside the Community. Spain would also like to be involved in discussions on the proposed European Monetary System. Membership is ruled out at present but in principle the Bank of Spain believes that membership would act as a beneficial form of external discipline.

Significantly, neither in public nor in private has the question been raised of Spain losing sovereignty by joining the Common Market. There has been an unchallenged acceptance of the European ideal.

The political parties have implicitly accepted a certain derogation of sovereignty to Brussels. But the practical effects of such derogation are largely unrealised in Spain. For instance, it is questionable how long Spain would be able to maintain its policy of refusing to restore diplomatic relations with Israel once it became a member of the Community. In admitting Spain, Brussels would be bringing into its fold a nation every bit as nationalistic and chauvinistic as the British and French—and when threatened just as unable of being obstructive, especially where national sovereignty is concerned.

This is a caveat which the Spanish themselves have probably not yet fully come to terms with. Another is that, as democracy is taken more and more for granted both inside Spain and by the rest of Europe, the original motivation for membership—the strengthening of democracy—will appear less important. The economic aspects of Spain's relationship with the community will become more central.

Letters to the Editor

Examining the closed shop

From the Executive Director, Institute of Directors

Sir,—It is excellent news (February 2, Page 1) that the TUC is to examine trade union organisation, and in particular that most unacceptable part of it, the closed shop. The last few weeks of industrial turmoil will provide it with plenty of evidence of its harmful effect and, dare one hope, the necessary spur for its elimination.

This institute has for the last two or three years argued consistently, and often alone, against this most vicious of restrictive practices, not only because of its clear implications for the freedom of the individual, but also because of the actual harm it does to the interests of those whom its proponents think it will protect.

The closed shop is harmful for three quite specific reasons: it restricts the freedom of the individual to associate or not to associate—and thus to work at his chosen calling; it hampers the capacity of enterprises to go about their legitimate business of serving their customers, and thus providing their employees with a livelihood; and it undermines the effectiveness of the trade union movement itself.

The first point needs little elaboration: a man's right to work is or ought to be alienable. All he has to sell is his own ability. The second point is equally clear: you do not have to look far to see examples of where the closed shop has provided trade unions with power to prevent or make it virtually impossible for firms to honour their commitments to their customers. The communications industry provides its own examples. As for the unions themselves, they too have their customers—their members.

Once unions need make no effort to encourage people to join, but can simply drag them into their ranks, once potential members are no longer free to choose whether to avail themselves of their services, the unions will cease to have the real interests of their members at heart. Monopoly is no more benign in the hands of trade unions than within the market for goods and services. Just like any other customers faced with a service which does not come up to scratch, union members must be able to demonstrate their dissatisfaction, and vote with their feet.

If the TUC were now to initiate reform of the closed shop, it would find that it had acted at a time when support for such a move was at its height, not only amongst the general public but also in the rank and file of union membership itself. Such a move would demonstrate to a bewildered British public a constructive side to what today looks dangerously like a destructive force.

H. S. R. Watson, 116 Pall Mall, SW1

Do away with inflation

From Miss M. Gough

Sir,—The Director of Help the Aged (February 1) seems to

have allowed his sympathy and emotions to overcome his common sense: if the index-linked pensions of the civil servants were to remain static, those persons affected would simply join the ranks of those whose cause he is championing, for by definition those servants are also aged and by far the greater proportion of them have pensions far less than the original £2,000 he quotes.

The director's solution is symptomatic of two things which I deplore: the attitude of reducing all to the misery of the lowest, and the tendency to remedy defects by treating the symptom rather than the cause, as when Governments take 52 per cent of profits in corporation tax and give it back to companies in grants, loans and subsidies of all kinds.

No wonder the bureaucracy is so extensive and expensive. Obviously the answer here is to do away with inflation so that the index-linking servants may, incidentally, civil servants do not make laws; they are administrators, not the legislature. (Miss) M. Gough, 2, Cross Cottages, Stogursey, Bridgwater, Somerset.

Who do you miss the most?

From Mr. A. Thorne

Sir,—While I sympathise with the lower paid workers, Mrs. Ings (February 2) may be assured that there would be no shortage of volunteers among the "bankers, financiers, stockbrokers, etc." and their families to undertake the work normally done by the essential workers who are striking. Perhaps, too, the work would be done more efficiently and with better grace, but as we already know, the trade union pickets will not permit this.

Were the boot on the other foot, it is unlikely that there would be union pickets to prevent the vital public service workers taking over the running of the banks and financial institutions, but it is interesting to speculate how long it would be before the country ground to a total halt.

A. S. J. Thorne, Forley, Hancock Mount, Sunningdale, Ascot, Berks.

Entrepreneurial education

From Mr. D. How

Sir,—While finding John de Bruyne's article "Britain: A Utopia for entrepreneurs?" (January 31), a stimulating contribution to the general debate as to whether we are doing sufficient to encourage the establishment of small businesses, I must disagree violently with his conclusion that the reason for a shortage of entrepreneurs is that the "British independent schools still turn out conformist and non-competitive students" who are educationally unfitted for risk-taking.

As a member of his House at Eton I would like to reassure him that a large number of his ex-school contemporaries are busily engaged in a wide range of entrepreneurial activities. From a House photograph of some 50 boys (in which John features) I counted no fewer than eight I personally know

who have built up their own companies within the past ten years. They range from one who has established a service industry group employing over 700, to another who owns a West Country catering firm, and a third who has developed substantial manufacturing interests, largely in plastics.

It would thus appear that at least 15 per cent of John de Bruyne's school contemporaries are involved in entrepreneurial activities, which just goes to show how far he has lost touch not only with them but also (as would appear from his article) with the harsh realities of starting and running a business in the strike-ridden and bureaucratically stifling commercial atmosphere of Britain, 1979.

Running your own business

From the prospective Liberal Parliamentary candidate for Saffron Walden

Sir,—It was like a breath of fresh air to read the article "Britain: A Utopia for entrepreneurs?" by John de Bruyne (January 3).

There is, I believe, such a thing as self-induced defeatism, and the spokesman for British business—particularly the small business sector—seem to me to be guilty of it. As a self-employed professional who started his own business, I can vouch for nearly all of the points made by Mr. de Bruyne.

Too many small men who start up on their own are not equipped with the very basic administrative, legal and accounting skills necessary these days.

London taxi fares

From The Chairman, London Joint Cab Trade Committee

Sir,—Your article on the London cab trade in "Men and Matters" (January 26) quotes only a fragment of the full statement given to its author over the telephone the previous evening, and therefore gives your readers quite the wrong impression. New cab orders from Mann and Overton (the London suppliers) were stopped by a unanimous decision of this committee representing London's 16,000 drivers and owners.

New cabs have hitherto been purchased by the trade in the belief that an adequate fare increase would be forthcoming but on the contrary fares have been held down while costs have continued to rise. Since July 1975, cab fare increases have been subject to Government constraints of 10p per hiring increase in December 1976 and 10 per cent in December 1977. During this same period, Carbodies and Mann and Overton have inflated regular price increases in the cab trade, resulting in the new Austin cab price rising by 85 per cent and spare parts by 79 per cent. London's cab drivers feel a sense of bitterness towards their suppliers for pushing up prices while they themselves have been forced to work harder and longer to make ends meet.

Seeking for training

From the Deputy Chief Executive, Manpower Services Commission, Training Services Division

Sir,—Though your corre-

spondent Miss Eivor Barrie's account (January 22) of her experience in seeking training under the training opportunities scheme (TOPS) in radio/TV and electronic servicing is substantially correct, I hope that your readers are not led by it to imagine that the Manpower Services Commission is not alive, or responding, to the changing needs arising from changes in micro-electronic technology.

The course concerned is by no means directly connected with these changes, and the dilemma underlying the long-awaited period for it, of which Miss Barrie was made aware at a very early stage of her application, is set out at paragraphs 1.17 and 1.18 of the recent review of TOPS. There are certain courses which are heavily in demand by individuals, but for which there is only a limited demand by employers; and this is one.

We hope that it will be possible to allocate Miss Barrie a place well before the time suggested in our letter to her of November, but we prefer to perform better than we promise.

To set the record straight, we shall in the present financial year provide training under TOPS for computer-related skills (including computer engineering) for 800 people in London alone, and are aiming to increase that provision quite substantially.

The law on picketing

From the Vice-President, Employe Relations Institute of Personnel Management

Sir,—There is a temptation to react to the particular issues of the moment, whether it be the mass-picketing at Grunwick or the secondary picketing in the road haulage dispute, without looking at the deeper causes and forgetting that in many cases picketing causes no apparent problem.

This institute considers that the intention of the law—as expressed in Section 15 (a) of the Trade Union and Labour Relations Act, 1974—is clear on one point; that the immunities only apply where there is a dispute with the employer in question. If there were uniform acceptance of this interpretation of the law and if it were possible for it to be enforced, there would be no need for amendment. This, however, is not the case—as evidenced by the untypical but potentially very serious recent happenings—and the institute considers that the law on picketing needs clarification and re-statement.

Accordingly the institute has proposed a rewording of S.15 of the 1974 Act to confine picketing to persons employed in the business concerned or officers of trade unions having (or seeking) recognition rights in that business, to confine pickets to stand at or near place where that business is carried on, to limit the number of pickets to that appropriate to the site, being sufficient to communicate information peacefully and not to cause an obstruction. Pickets should be identified and have an appointed leader.

The institute appreciates that the changes it proposes in the law will require certain difficulties of definition to be overcome but does not consider these insuperable.

L. D. Cowan, Institute of Personnel Management, Central House, Upper Woburn Place, WC1.

spares it is certainly not true of the operational aspect with which we are all deeply concerned.

Let the Government's own Price Commission Taxicab Survey (September, 1978, Para. 5.19) make the case for us: "If funds were put into reserves at a rate adequate to finance the purchase of replacement cabs, the operating margin would be eliminated."

London is the only capital city in the world with a custom-built cab and cab drivers are quite happy to keep it that way so long as their suppliers do not take advantage of having the only shop in the street.

Having suffered these and other heavy increases in operating costs, the London cab trade's second grievance is with the Home Office for not allowing fares to rise to a level sufficient to recover them. At least in this connection a joint working party has been set up and is currently trying to reach an acceptable solution.

G. W. Trotter, London Joint-Cab Trade Committee, 47, Windsor Road, Slough, Berks.

Where in the world will you find Standard Chartered? Here, but not just here

GENERAL

UK: National Union of Mineworkers and National Coal Board negotiators meet again on pay claim.

OFFICIAL STATISTICS

Department of the Environment publishes figures for slum clearance (fourth quarter); housing starts and completions (December); and house renovations—work completed (fourth quarter). London clearing banks monthly statement (mid-January). UK Banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-January).

PARLIAMENTARY BUSINESS

House of Commons—Debate on the disruption of the education services, till 7 pm. Private Business.

House of Lords—Land Registration (Scotland) Bill; report, Aviation Security Fund (Amendment) Regulations 1979. Price Commission (Amendment) Bill, committee stage.

Select Committees—Nationalised Industries, Sub-Committee A. Subject: Report and accounts. Witnesses: British Waterways Board, Room 8, 4 pm. Joint Committee on Statutory Instruments, Room 4, 4.15 pm, followed by Select Committee on Statutory Instruments.

COMPANY RESULTS

Final dividends: Evode Holdings, Hallam, Sleight and Cheston. Interim dividends: Crouch Group, Textured Jersey, Unitech. Interim figures, William Jackson and Son.

COMPANY MEETINGS

Baggsbridge Breck, Midland Hotel, Birmingham, 12.30. Kelsey Industries, Kelsey House, Wood Lane End, Hemel Hempstead, Herts, 11. Tomkinsons Carpets, Duke Place, Kidderminster, 12.



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Vibroplant moves ahead to £1.6m in first half

PROFITS before tax of Vibroplant Holdings, plant hire specialists, increased from £1.23m to £1.6m in the first half year ended September 30, 1978. Turnover was higher at £3.7m compared with £3.5m.

The improvement reflects the comments made by Mr. C. B. Pilkington, the group's chairman at the annual meeting last August.

He told shareholders then, that the current year had started well with profits at a satisfactory level and he expected the group to continue growth and further increase profits in 1978-79.

Net profits for the first six months were £1,451,000 compared with £885,864 after tax of £831,405 against £637,936.

The interim dividend is lifted from 3.95p to 4.22p costing £176,880 (£142,560) after waivers.

In the last financial year to March 31, 1978, a total dividend of 10.235p was paid from record pre-tax profits of £2.95m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—Crouch Group, Textured Jersey, Unitech.

Final—Rayson Far Eastern Trust, Eyoche Holdings, Hallam, Sligh and Chester.

FUTURE DATES

Feb. 12: Anil Industries, Newcourt, Leslie.

Feb. 13: Meat Trade Suppliers.

Feb. 14: Minerals and Resources Cpn.

Feb. 15: Salama Knit, Town and City Properties.

Feb. 8: Zambia Copper.

Feb. 12: Alexanders Holdings, Arden and Cobden Hotels, Colonial Securities, Debanure Corporation, Ex-20, Plastic Constructors.

Mar. 21: Tube Investments.

Feb. 13: Witzer (Thomas).

than maintained margins, where a 15 per cent price increase at the start of the financial year was obviously of material help. The shares climbed 4p to 21p yesterday where the historic p/e is 10.3 and, given normal industrial and climatic conditions, the prospective figure should have been no more than 9.

Comparisons with the rest of the sector are mostly invalidated

Rivlin runs into £0.4m loss: Sachs still a problem

THE PROBLEMS are not over yet at I. D. and S. Rivlin, whose store subsidiary Sachs and Sherman went into receivership last year.

The delayed report and accounts for the year to last April contain a statement from the chairman that the difficulties arising from Sachs failure "will be overcome. But that is medium-term rather than a short-term objective."

Meanwhile, the figures show a collapse in profits from £66,293 (compared with peak profits of £1m in 1974) to a loss of £435,810.

Of this, Sachs accounted for £308,000 but the companies still trading managed to lose some £128,000.

Since the year end the group's financial affairs have been tightened. The investment in Sachs—worth £24,000—has been written off; loss making retail shops have been closed; bank borrowings and stocks reduced.

According to Mr. Leon Rivlin, the chairman, the result is that bank borrowings had been reduced by 94 per cent and stocks by 30 per cent by October last. By Christmas bank borrowings had come down to £708,000 against the £1.3m shown in the balance sheet for April.

This compares with employed capital (£1.5m at the balance sheet date).

The Board notes that the remaining companies will not

by the group's unique position as a hirer of general non-operated plant and the industry's widely varying treatment of the crucial depreciation charge. But an historic yield of 7.5 per cent, a good track record and the group's independence of the increasingly competitive crane hire business should justify a premium price. It seems, however, that the recent demise of the founder and chairman should not be taken as the forerunner of any break-up of the dominant family shareholding.

Dewhurst & Partner ahead

FOLLOWING A rise from £72,530 to £127,600 in midway profits, Dewhurst and Partner, maker of electric control equipment, ended the October 1, 1978, year ahead at £229,045 pre-tax, compared with £167,284 for the previous 53 weeks. Turnover was £1m higher at £4.21m.

After tax of £115,585 (£92,582), stated earnings improved from 1.04p to 1.53p per 10p share, while the dividend total is lifted to 0.92p (0.83p) net with a 0.64p final.

As anticipated there is an interim dividend—the first payment since 1972—of 0.221p net per 10p share, which is equivalent to 0.33p gross. In a statement with the acquisition and rights issue, published at the end of last July, the directors forecast pre-tax profits of approximately £30,000 for the year. On this basis a gross dividend of 1p would be recommended, payable as an interim of 0.33p and the balance as a final.

The shares are still suspended but an application for re-listing is to be made shortly.

Kunick Hldgs. reaffirms £0.10m target

The directors of Kunick Holdings, manufacturer and wholesaler of fashionable and commission agent, reaffirm pre-tax profits of at least £100,000 for the current year.

Profits before tax for the six months to November 30, 1978, rose to £236,000 to £44,352. Additionally, the group derived pre-tax profits of £16,429 made

DIVIDENDS ANNOUNCED

	Current payment	Date	Corre. Total of year	Total last year
African Lakes	4.4	March 6	2.5	4.4
Claverhouse	2.0	March 6	2.5	4.4
Chloese, and Snell Int.	0.24	April 27	0.31	0.64
Dewhurst and Partner	0.64	April 6	0.58	0.92
Excilibur Jewlry	0.29	April 30	0.26	0.53
Kunick	0.33	April 30	nil	nil
Stirling Knitting	0.35	March 30	0.25	0.75
U.C. Invs.	23	April 6	20	42
Vibroplant	4.2	March 5	3.96	10.53

Dividends shown pence per share net except where otherwise stated.
 † Equivalent after allowing for scrip issue.
 ‡ On capital increased by rights and/or acquisition issues.
 § South African gross cents throughout.

Excilibur falls at six months

A FALL in pre-tax profits from £470,215 to £398,394 in the half year to October 31, 1978, is reported by Excilibur Jewellery. Turnover stood at £2.95m against £3.28m.

After tax of £207,425 (£244,513), earnings per share are shown lower at 1.32p (1.55p).

The net interim dividend is increased from 0.2634p to 0.2942p—last year's total payment was 0.5348p on pre-tax profits of £335,000.

While retail jewellers have been enjoying the benefits of the spending boom, UK manufacturers have been having a lean time, mainly due to the high cost of imported raw materials. Excilibur is no exception, with first half profits showing a 15 per cent downturn. The results also reflect lower sales of silver items during the period, compared with the previous year's exceptional demand thanks to the Silver Jubilee.

Apart from the imports problem, Excilibur is having to contend with fewer orders for watch bracelets (previously a major

African Lakes picks up in second half

ALTHOUGH TAXABLE profits of the African Lakes Corporation increased from £672,114 to £761,336 in the second six months of the July 31, 1978 year, the full year result was lower at £1,204,912 compared with £1,247,229. Turnover rose £1.05m to £8.01m.

At midday, the directors said that with an upswing in trading in the second half, it appeared likely that full year results would not be substantially less than the previous year's.

Stated yearly earnings increased from an adjusted 96.33p to 101.5p and the dividend is effectively lifted to 4.4p (3.53p) net. A one-for-five scrip issue is also proposed.

Attributable profits were higher at £669,913 against £637,191, after tax of £436,127 (£610,038) and minorities of £134,873 this time.

The directors say a share subscription agreement has been signed with local Malawian interests whereby they will subscribe in cash for additional

Brentnall Beard reveals reorganisation details

Lloyd's of London insurance broker, Brentnall Beard (Holdings), yesterday unveiled a complex series of deals carried out during its last financial year, and after, which have reorganised the group's Canadian operations.

Mr. S. M. Elsbury, the group chairman, tells shareholders in his annual statement that the reorganisation has been necessitated by the losses in the Canadian operations.

Canadian turnover dropped from £5.71m in 1976/77 to £3.35m in 1977/78 which left the group with sterling losses of £995,000.

There were substantial losses on exchange, "largely due to the depreciation of the C\$ by 23 per cent and of the U.S\$ by 13 per cent against sterling in the year. The sterling equivalent of the dollar losses amounted to £317,000.

As a result of the reorganisation the group balance sheet has been improved.

An extraordinary item of £217,000 net of attributable taxation relating to sales of interests in Canadian subsidiaries.

Net tangible assets in the balance sheet have increased from £436,171 to £514,752 arising from the disposal of certain interests in Canada.

But this increase does not reflect the effect of the acquisition of the outstanding minority interests in the Canadian holding company, which took place after the year-end—this reduces net tangible assets by approximately £117,000.

The directors' remuneration has increased from £82,245 in 1976-77 to £147,001 in the past year. In 1975-76 that figure was £123,563 for ten directors. Mr. Elsbury explains the latest increase: "During the past year we have brought on to our board an additional director, namely, a finance director, and we also co-opted to the board the chief executives from Canada and our underwriting agencies."

In its last financial year Brentnall Beard reported a fall in group turnover—from £3.01m to £4.51m—and a loss of £524,185, compared with a taxable profit of £1.12m.

Peak shareholders approve sale

An extraordinary general meeting of Peak Investments held in Stockport yesterday agreed, without dissent, to the sale of the electronics section of the business to the Irish company, Nissa. Proceeds will realise £850,000 but the indebtedness of £296,415 will remain with Peak.

Mr. Finch said the company would receive "a considerable injection" of much needed cash which was sensible for the future development of Peak Trainers, which could move into smaller and more efficient premises. The three income-producing properties in Stockport would be retained as investments.

Consideration had been given to diversifying and the workforce had also been consulted with a view to helping the company become more efficient.

Bootham optimistic

Mr. J. S. Rymer, chairman of Bootham Engineers says in his annual report that the directors remain reasonably optimistic about the prospects for the group.

They are continuing the programme of capital investment and have a programme of capital projects which can be started either when they have resources to undertake them when the successful development of a particular unit requires additional capacity, he adds.

As known, pre-tax profits for the October 31, 1978 year, from £551,552 to £681,193; the dividend is effectively increased from 4.6075p to 5.145p net per share.

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Member Banks: Midland Bank Limited, The Toronto-Dominion Bank, The Standard Chartered Bank Limited, The Commercial Bank of Australia Limited.

M.I.M. HOLDINGS LIMITED SECOND PROGRESS REPORT 1978-79

24 Weeks to December 17, 1978

EARNINGS

The unaudited net earnings for the first 24 weeks of 1978-79 were £26,203,000 compared with £27,089,000 for the corresponding period in the previous year. The latter figure included a \$7,000,000 capital gain, excluding this capital gain, net earnings improved by 30 per cent over the previous corresponding period. This is largely the result of substantially increased sales revenue compared with the previous period.

Net earnings for the second two weeks of the period were \$14,241,000, an increase of 19 per cent over the \$11,962,000 earned in the first twelve weeks.

An interim dividend of 4.5 cents per share (1977-78 3 cents per share) absorbing \$12.9 million has been declared. This dividend will be paid on April 2, 1979. The registers of members will be closed from February 15 up to and including February 22, 1979 to allow completed transfers received by the company up to 5 p.m. on February 15, 1979 to be registered before entitlements to the dividends are determined.

SALES

Sales revenue for the 24 weeks increased by 19 per cent from the corresponding period last year. The increase was due to higher prices for copper, lead and silver, together with increased sales volumes for zinc and silver. This was partially offset by a lower volume of copper and lead sold. The higher silver sales were due to the continued reduction of in-process stocks.

PRODUCTION

Copper ore treated decreased 4 per cent

FINANCIAL

	24 weeks to Dec 17, 78 (\$000's)	24 weeks to Dec 18, 77 (\$000's)	12 weeks to Dec 17, 78 (\$000's)	12 weeks to Dec 18, 77 (\$000's)
SALES	211 693	177 878	105 485	95 883
Less: Cost of Sales	152 816	130 891	73 582	71 002
Other Items	15 792	11 523	7 812	6 091
Income tax	168 808	142 414	81 394	77 093
Less: Transfer to trading stock valuation reserve	17 234	7 012	10 172	7 491
CONSIDERED NET EARNINGS	26 203	27 089 (1)	14 241	11 291
Less: Transfer to trading stock valuation reserve	1 437	1 609	721	846
MINIMUM AVAILABLE FOR APPROPRIATION	24 766	25 480	13 520	10 445
Included in Cost of Sales and Other Items:				
Mineral royalty	7 585	4 027	3 877	3 877
Depreciation	12 181	12 735	5 650	6 295
Interest paid (net)	4 769	1 419	2 295	856
SALES VOLUMES				
Copper (tonnes)	62 303	65 687	22 137	34 771
Lead (tonnes) (including payable metal in concentrate)	68 599	76 133	36 515	40 238
Zinc (tonnes payable metal in concentrate)	55 678	45 038	29 485	21 448
Silver (kilograms)	237 472	160 181	121 764	93 685
PRICES RECEIVED				
Copper—wirebar (per tonne)	1 231	1 102	1 266	1 089
Lead—(per tonne)	582	538	626	553
Zinc—(per tonne)	509	637	517	628
Silver—(per kilogram)	156	133	162	136
MOUNT ISA OPERATIONS				
Copper ore treated (tonnes)	2 243 043	2 343 578	1 045 900	1 171 538
Lead ore treated (tonnes)	1 191 450	1 108 050	595 679	545 576
Total ore treated (tonnes)	3 434 493	3 451 628	1 641 579	1 717 114
Blister copper (tonnes)	65 110	63 300	35 340	30 860
Crude lead (tonnes)	57 870	59 920	27 370	29 320
Zinc concentrate (tonnes)	104 800	91 596	52 402	43 174
Silver products (kilograms)	165 979	189 437	82 206	96 509

(1) This amount includes the \$7,000,000 capital gain from the sale of the M.I.M. shareholding in Thiess Holdings Limited.

REVIEW OF ASSETS

A major review of fixed assets has been completed and asset values have been re-assessed to take into account technical obsolescence, maintenance standards and other factors. The opportunity has also been taken to adjust the values of other assets of the company and to review the changing values of some exploration assets. This has resulted in an overall estimated asset value of \$200 million, a decrease of \$20 million from the published accounts, and a consequent decrease in the annual depreciation charges, in historical cost terms, used in the published accounts. The effect of this decrease on the results for the first 24 weeks is minimal but in a full year is expected to be of the order of \$5 million.

The asset register system now includes the facility to incorporate estimates of current cost based on appropriate internal indices as well as expert valuation. The total fixed assets which at balance date had an historical accounting value of \$601 million before depreciation, are estimated to have a current cost of \$1,204 million.

OUTLOOK

There has been further improvement in copper, lead and silver prices since the end of the period and it is expected that the results for the remainder of the year will be significantly better than for the first 24 weeks, thus marking significant progress towards a more acceptable level of earnings in relation to total funds employed.

R. E. BYERS
SECRETARY

from the corresponding period last year. However due to the higher grade of ore mined, contained copper in ore milled showed an 8 per cent increase. The 3 per cent decrease in higher copper production was caused by shutdowns necessary to meet environmental conditions. The quantity of lead ore treated increased by 7.5 per cent over the previous corresponding period. This increase contributed to the 14 per cent rise in zinc concentrate production which was also partly a result of higher zinc grades and improved recovery. The 3 per cent reduction in crude lead produced was primarily caused by a planned shutdown of smelter operations associated with the commissioning of the new lead smelter stack. Silver in products was lower due to the silver content of the ore mined in the current period being somewhat less than that mined in the previous year.

INDUSTRIAL

New two-year industrial agreements were negotiated with unions having members employed by Mount Isa Mines Limited and Copper Refineries Pty. Ltd. These agreements should result in the continuation of excellent industrial relations.

Souza Cruz profits up

By Diana Smith

SOUZA CRUZ, the British-American Tobacco owned Brazilian company which controls 84 per cent of the local market, announces profits of Cr 1,250m (\$62.2m) for 1978, an increase of 7 per cent on Cr 1,060m (\$83.2m) for 1977. Gross sales rose 42 per cent to Cr 47.25 bn (\$2.37m).

Profits for the period were adversely affected by a 53 per cent rise in overheads to \$65m against a previous \$29m. The cost of leaf tobacco took the heaviest toll. The average price per kilo paid to the 55,000 planters with whom Souza works, rose by 46 per cent. But the higher price has encouraged the planters to grow more tobacco, thereby ensuring a good crop in 1979.

The price of cigarettes went up by 44 per cent on January 1, which should mean better trading results by the year-end. Souza will purchase 520m worth of tobacco leaf this year; 32 per cent more in volume and 70 per cent more in value than in 1978.

Having started exporting tobacco six years ago, Souza Cruz sold \$87m worth abroad in 1978—20 per cent more than in 1977.

The company is one of the five largest cigarette manufacturers in the world with 300,000 sales outlets. It plans to invest some \$380m in the next eight years to meet rising demand.

LOUIS NEWMARK

Louis Newmark's watch merchanting operations are conducted on a firm sales basis, not a sale-or-return basis, as indicated in last Friday's comment on the interim figures according to Mr. Geoffrey Newmark, the group's chairman.

PUBLIC NOTICES


THE BURGONNE COMMITTEE ON OFFSHORE SAFETY

The Secretary of State for Energy has appointed this Committee, with the following terms of reference:

"To consider so far as they are concerned with the nature, coverage and effectiveness of the government of Energy's regulations concerning the exploration for and development and production of oil and gas offshore and their enforcement, to coordinate and to advise the Secretary of State on the operation of the Offshore Safety Certifying Authorities. To present recommendations as soon as possible in the form of a report to the Secretary of State on the operation of the Offshore Safety Certifying Authorities, to advise the Secretary of State on the operation of the Offshore Safety Certifying Authorities, to present recommendations as soon as possible in the form of a report to the Secretary of State on the operation of the Offshore Safety Certifying Authorities."

Anyone wishing to submit evidence should do so by 16 March 1979. Submissions should be sent to Mr. David S. Burgess, Secretary, Burgonne Committee, 2nd Floor, 100, Strand, London, W.C.2R 0JZ. Further information about the operation of the committee can be obtained.

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Companies and Markets **BIDS and DEALS**

Sheffield Brick acquires Parker Winder for £0.3m

BY TERRY OGG

The Sheffield Brick Group yesterday announced its first significant acquisition since its deputy chairman, Mr. Roger Arch, acquired his 20 per cent stake in the company towards the end of last year.

It has bought Parker Winder of Achurch, a Birmingham-based architectural ironmonger, for a cost of £300,000 in cash plus further £40,000 which will be funded over the period to February 3 and audited.

The final figure will be equal to the adjusted net assets at February 3. Finance for the acquisition has been provided via term loan from County Bank.

For the past few years Sheffield's performance has not been particularly inspiring with pre-tax profits reaching a peak of £17,862 in 1973. In 1977 the full year figure was £148,000 and in the first six months of 1978 the interim pre-tax profit was £84,000.

Mr. Marsh, a former chairman of W. J. Reynolds, the Ford motor distributor, has indicated that Sheffield is capable of better things. He acquired his interest

in the company when another Sheffield-based group, Raine Engineering Industries, sold the stake it had built up during an unsuccessful bid for Sheffield Brick.

The Brick in Sheffield's name is a slight misnomer as the company is now almost wholly dependent on its architectural ironmongery business. Mr. Marsh late last year advertised for a possible acquisition in the "architectural and builders' ironmongers and Do-It-Yourself" businesses.

The Parker bid is the first visible sign of any success of the advertisement. Parker made a loss of £30,245 in the year ended March 31, 1978. Following an internal re-organisation, pre-tax profit for the year ending September 30 was £1,256 according to unaudited management accounts. Turnover in the first half was £719,428 and net tangible assets totalled £336,531.

AURORA
Aurora Holdings has merged its two Australian subsidiaries

Samuel Osborn Australia (Pty.), Sydney, and ESC Tools (Pty.), Melbourne. This will improve operating efficiency by consolidating management, administration and other facilities.

BP pays £3m for Bristol Composite

One of the subsidiaries of British Petroleum, BP Capital, has agreed to buy a public but unlisted company, Bristol Composite Materials, for £3m in cash. The terms are 28p for each ordinary share and 31p for each convertible.

Morgan Grenfell, BCM's advisers, say the offer is fair and reasonable, and the Board, which owns 23 per cent of the ordinary shares and 10 per cent of the convertible, have agreed to the offer. Other shareholders, representing respectively 29 per cent and 41 per cent of the classes of shares have also accepted.

Redland's U.S. purchase held up

The £17m proposed takeover of Redland, the UK building group, of Season-All Industries of Indiana has been put into abeyance while a review and audit of the U.S. company's 1978 financial results is completed.

Redland is mounting the bid in conjunction with its 56.4 per cent controlled West German subsidiary, Braas and Co. and U.S. subsidiary.

Season-All is a manufacturer of aluminium storm screen windows. In the nine months to September 30 it reported net profits of \$480,000 on sales of \$3.6m. In the previous year net earnings were \$1.8m on sales of \$29.3m.

returned yesterday and closed at 47p-50p on last week's final quotation and 1p up on the bid price.

Whereas disclosed yesterday that by 3.30 p.m. last Friday the offer had been received from the holders of 184,462 existing fully paid ordinary shares, the holders of 482 preference shares and the holders of £21,246 6p convertible unsecured loan stock.

The latest Wherehave offer document is expected sometime this week, when EPC directors will again write to shareholders.

Government now owns 72.7 per cent of Bushells Investments and the offer will be declared unconditional on Monday.

CALEDONIAN SAYS WAIT

The formal bid document by London and Midland Industrials for Caledonian Holdings is to be issued later this week, a spokesman for LMI said last night.

In the meantime, Caledonian's directors say they are continuing to consider the LMI bid and, although they were reluctant to identify them—"several other serious approaches".

They intend to make a strong response to LMI after the formal bid is announced in the meantime they advise Caledonian shareholders not to take any action.

SANDELSON SELLS PART OF E & O

Mr. Victor Sandelson, stockbroker, has sold a tenth of his 11 per cent holding in English and Overseas Investments, which he acquired in the autumn of 1977 as a long term investment.

English and Overseas, once headed by Mr. John Bloom, is a former property company now concentrating on the art reproduction business.

Mr. Sandelson, who was in the news last year with his bid for the London Pavilion property development site at Piccadilly Circus, bought 1.3m shares when he became a director of E & O and has now sold 130,000 of his personal financial commitments.

EVODE EXTENDS SHOE SIDE

One of the subsidiaries of Evode, VIK Supplies, is extending its range of supplies to the shoe industry. It is buying a Northampton group, Charles A. Quinn, which manufactures stiffening materials and shoe finishers.

Its products are compatible with VIK's adhesives and coatings for the industry and extends VIK's position in the market which has been established by two earlier take-overs in the past six years.

BUSHELLS INV.

Brooke Bond Liebig after its long tussle with the Australian

OLYMPIA AND YORK EVALUATING EPC

Olympia and York, the private Canadian property company which last week emerged as a potential bidder for English Property Corporation, said yesterday that it was "still evaluating" the information available on EPC.

A spokesman for Rothschilds, the merchant bank advising Olympia, said the company hoped to be in a position towards the end of the week to now which way it will be going.

EPC received a 48p share bid from Dutch property group Verelthave last Friday, which has rejected as being inadequate. EPC shares, which were suspended on Friday,

Dufay in better position

Dufay Bitumatic, which has recently been in a big skirmish with Camrex (Holdings), explained to its shareholders yesterday its reasons for refusing Camrex's 50p offer.

On the basis of management accounts the outlook for 1978 will be better than was anticipated at the time of the rights issue of convertible loan stock last September, Dufay said.

The current year started well, it added, despite the industrial difficulties which the company, in common with industry generally, is facing.

For those reasons Dufay did not recommend a general offer of shares, he said, and sought the agreement of the treasury to the dividend proposals in respect of the years 1978 and 1979.

Proprietors of Hay's Wharf—Smith Trustee Company sold 72,000 shares on January 3 reducing holdings to 803,131 (4.7 per cent).

Minet Holdings—J. Wallrock, director, sold 50,000 shares at 160p on January 30.

Group Investors—Sun Life Assurance Society, as a result of recent purchases, has increased its holding to 540,000 shares (8.13 per cent).

Amalgamated Estates—F. Phillips, director, sold 28,000 shares on January 30. Holding now 4,444,212 (37.5 per cent).

DAWNAY DAY

On the retirement of Mr. Alan Emery, the director in charge of developing the industrial investments, Dawnay Day, the merchant bank group, is to buy out his 10 per cent interest in Dawnay Day Industries.

The subsidiary has net tangible assets of £4m or so after adjusting for post-balance sheet sales, and post tax profits before extraordinary items last year were £1m.

Mr. Emery will receive £365,000; £115,000 in cash in June and £250,000 of unsecured loan stock on completion.

SHARE STAKES

British Syphers Industries—M. Anderson, deputy chairman, has reduced his beneficial interest by 25,000 shares to 39,000.

London Investment Trust—J. R. Jessel, director, has sold 40,000 shares.

T. Cowley—F. M. C. Bowes Lyon, Carl of Strathmore and Kingome, director, bought 10,000

Standard Life Pensions mixed

Strong growth in both the property and the mixed fund over the six months to November 15, 1978, is reported by Standard Life Pensions Fund, a member of the Standard Life Assurance Company. But the equity and fixed-interest funds remained somewhat static over the period.

The value of the Mixed Fund, a blend of equities and fixed-interest, rose by £10m from £73.3m to £83.3m, with the unit price increasing by 2.5 per cent. The fund, which did not buy assets during the previous six months, invested £500,000 at the end of July, £2.2m at the beginning of October and £2.7m in November when the prices were low. The managers made steady purchases of equities during the period including £1.25m of U.S. equities in November.

At the end of that period, the portfolio was split 38 per cent fixed-interest, 48 per cent UK equities, 13 per cent overseas equities and 1 per cent cash.

The Property Fund increased in value by over £5m from £23.2m to £28.7m with the unit price rising 9 per cent. The price of this fund has more than doubled since the launch in September, 1974. The managers report that the results of the fund's own developments are becoming apparent. The Aberdeen industrial estate is effectively prelet and the schemes at Poole and Littlehampton are being let ahead of completion.

The fund invested £2.3m in properties over the period and is committed to a further £5.7m on developments over the next year. With the size of the fund increasing steadily, the managers are now able to consider larger schemes and will continue to look for developments with particular emphasis on small town centre schemes.

The Equity Fund remained unchanged in value at £4m, with one large withdrawal offsetting cash inflow over the period. There was a net investment of

£270,000 in UK equities and £101,000 in U.S. equities. The liquidity of the fund was run down from 13 per cent to 2 per cent.

The value of the Fixed-Interest fund fell slightly over the period from £1.9m to £1.5m.

MINING NEWS

A disappointing year for Comalco, but . . .

BY KENNETH MARSTON, MINING EDITOR

DESPITE A better demand for primary aluminium and firmer prices in international markets last year, the Australian market remained highly competitive. However, the Australasian Comalco—owned as to 45 per cent each by Conzinc Riotinto of Australia and Kaiser Aluminium—says that its primary metal sales recovered significantly in the final quarter.

While Comalco's 1978 sales rose by 26 per cent to A\$501m (£286m), consolidated net profits after increased exchange losses of A\$7.7m amounted to only A\$37.6m against A\$40.2m in 1977. The latest earnings per share amounted to 21.1 cents against 21.4 cents.

Following the 1978 interim of 4.5 cents which did not apply to the new shares arising out of last year's one-for-four rights issues, a final is declared of 6.5 cents on the increased capital. The total distribution is thus marginally higher than in 1977 when there was an interim of 5 cents and a final of 7.5 cents of the lower capital.

Comalco attributes its disappointing performance for the past year to adverse changes in market conditions for a number of the company's products, increased competition and the continued rise in costs. What remains to be seen is whether the final quarter

will thus be swayed from the chairman, Sir Donald Hibberd in the annual report which is due to be sent out by March 28.

Virtually all sectors of the mining sharemarkets moved ahead yesterday in response to the strength of prices for both precious and base metals. Gold advanced across the board as the million price climbed \$13½ to \$244½ per ounce. The Gold Mines Index rose 9.5 to 181.4, its highest since mid-September.

Free market platinum prices also moved up to new highs of just over \$400 per ounce. Shares of South Africa's Rustenburg and Langlaagte rose in sympathy as hopes were raised of a further increase in the producers' selling price of \$325.

Shares of the copper producers were again firm in the base-metal sections as the three months forward metal price advanced \$44½ more to over £1,000 per tonne for the first time since mid-1974. Rio Tinto-Zinc put on a further 6p to a 1978-79 high of 28½p while Palabora jumped 30p to 60p.

Improvement in primary aluminium sales, which has also been noted in other metals, points to better conditions generally for Comalco in the current year. Guidance on this

At the end of 1978 the investment portfolio had a market and share valuation of R126.9m, against R103.4m at the end of 1977. This gave a net asset value of 652 cents a share.

Yesterday UC Investments shares rose 5 to 265p in line with the general market trend.

Copper recovery gives boost to Canadian mines

THE RECOVERY in copper prices, which started last year and has markedly strengthened in recent weeks, has boosted the figures of Canadian mining groups, opening up the possibility of bringing closed-down facilities back into production.

Bethlehem Copper has announced a tripling of its profits for the 1978 final quarter and Sherritt Gordon Mines has reported that its 1978 earnings were the best since 1974, writes John Sargent from Toronto.

Madeline Mines, the McIntyre unit, has meanwhile launched studies to examine the possibility of reopening its copper mine in the Gaspe district of eastern Quebec. The mine was closed down in 1976.

Both Bethlehem and Sherritt have gained from the lower value of the Canadian dollar. Mr. Bryan Reynolds, the president of Bethlehem, said that fully one-third of the increase in his group's profits was due to this factor.

give Teck a 21 per cent holding in Lornex, the copper-molybdenum operation which, through Rio Algom, is part of the Rio Tinto-Zinc group. The merger also adds C\$22m in cash to Teck's working capital.

ROUND-UP

Gold production at West Bank Consolidated, the General Mining group producer, will be affected for at least three weeks following an accident at the Turk Shaft last Friday. Uranium production however, is not affected. The accident occurred when the bridle of a loaded skip snapped, causing it to fall down the shaft. Four shifts a day are currently being worked to repair the extensive damage.

The 1978 annual report of

INCO IS NOT YET OUT OF THE WOOD

CANADA'S Inco nickel plant reports a slightly improved net profit of U.S.\$10.1m (£8.1m), or 7 cents per share, for the fourth quarter of 1978, thanks largely to a favourable settlement of past tax issues and share sale profits. Without these benefits the group would have made a loss because of the strike, which continues, at its Sudbury operations.

Furthermore, Inco warns that current quarter's results will be adversely affected to a significant degree by strike costs, still depressed nickel prices and substantially increased interest and other charges relating to the company's nickel projects in Guatemala and Indonesia.

Total net earnings for 1978 come out at \$77.5m, or 77 cents per share, compared with \$99.9m in 1977. The past year's sales totalled \$2,080m against \$1,956m, of which the ESB electric battery subsidiary contributed 38 per cent (38 per cent).

Inco is declaring a first quarterly dividend of 10 cents

Cultus Pacific, the Perth-based minerals and oil exploration company, comments on the expanded activities, notably in oil and gas exploration. Funds raised via share placings now amount to \$A2.4m (£1.37m) and no further share issues are planned for the near future, it is stated. Company policy is to end up with around a 10 per cent carried free interest in the uranium, base-metal and diamond prospects.

CAMPBELL CHIBOUGANAU, THE QUEBEC GOLD PRODUCER, HAS STARTED EXTRACTING AND MILLING ORE FROM A RECENTLY DEVELOPED ZONE CONTAINING 135,000 TONS OF ORE, GRADING 0.15 OUNCES OF GOLD PER TON AND 1.12 PER CENT COPPER. THE SAME ZONE HAS BEEN CONFIRMED 175 FEET HIGHER AND EXPLORATION IS CONTINUING TO DEVELOP A DOWNWARD EXTENSION.

On the brighter side, the Sudbury strike which reduced 1978 nickel output by 35 per cent to 267m lbs also contributed to a reduction in the company's big unsecured stocks of 111m lbs to 230m lbs.

Inco adds that during 1978, stocks of finished nickel held by producers in the non-Communist world are estimated to have fallen by over 200m lbs to approximately 550m lbs. This reflects a high level of consumption coupled with lower production in the industry.

The pointers are thus to an improvement in the outlook for nickel producers as supply and demand come more into balance. But the recovery in their fortunes still looks like taking longer to develop than appears to be the case in other base-metals.

VIBROPLANT HOLDINGS LIMITED

Business: Plant Hire Specialist
INTERIM STATEMENT
HALF YEAR TO 30th SEPTEMBER

	1978	1977
	£	£
Group Turnover	5,374,271	4,384,262
Unaudited Profit before Taxation	1,598,856	1,226,800
Corporation Tax 52%	831,405	637,936
Group Profit after Tax	767,451	588,864
Cost of Dividend (after waivers) Net	176,880	142,560

The Directors have declared an Interim Dividend of 4.422p per share which together with the Associated Tax Credit is equivalent to 6.6p per share (1977 6p per share). The Dividend is payable to those shareholders on the Register at the 23rd February, 1979 and will be paid on the 5th March, 1979.

Registered Office - Prospect Road, Starbeck, Harrogate, North Yorkshire.

February 22nd MAJOR CONFERENCE

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To the holders of
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Redeemable Floating Rate Deposit Notes due 1981

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AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION
Dated 1st February 1979 Fiscal Agent

Castlefield (Klang) Rubber Estate, Ltd.

Issued & Paid-up Capital: £300,000 in 10p shares
Secretaries and Agents:
Harrisons & Crosfield, Limited

	Year ended 30.6.78	Year ended 30.6.77
PROFIT & DIVIDEND		
Profit after tax	£297,988	£312,791
Dividend for year	3.35	3.30*
—pence per share	£100,500	£99,000
—absorbing		
* Excluding special non-recurring dividend of 6.5p.		
CROPS		
Rubber—kg	2,436,723	2,707,974
Oil Palm Fruit—tonnes	8,436	9,617
Reduction in crop due to drought conditions		
PLANTED ACREAGE		
Rubber	4,258	4,584
Oil Palms	2,713	2,510

We are pleased to announce the election of **Brian R. Edgeley** as Managing Director

Bache Halsey Stuart (London) Ltd.
Plantation House Block A, Fenchurch Street
London EC3M 3EP England

Bache

We are pleased to announce the formation of **Allen Harvey & Ross Ehrlich-Bober** London Dollar C.D. Partnership

which will commence trading effective 6th February, 1979, in certain Euro\$ Certificates of Deposit.

Allen Harvey & Ross Ltd.
45 Cornhill, London EC3V 3PB.
(01) 623 4731
Telex: 888000

Ehrlich-Bober & Co. Inc.
80 Pine Street, New York City 10005.
(212) 480 0755
Telex: 424178

Reuter Code AHCD

To the Holders of **JUSCO CO., LTD.**
6% Convertible Bonds Due 1992

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 (B) of the Trust Deed dated June 16, 1977 under which the above described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 1 share for each 10 shares held will be made to shareholders of record as of February 20, 1979.

As a result of such distribution, the Conversion Price at which shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5(C) of the Bonds from 1188.7 Japanese Yen to 1080.6 Japanese Yen effective as of the close of business in Tokyo on February 20, 1979.

JUSCO CO., LTD.
Dated: February 6, 1979

We are pleased to announce that **RICHARD L. GRAND-JEAN** Vice President has been appointed General Manager in charge of our European Corporate Finance Department.

Salomon Brothers International

One Moorgate, London EC2R 6 AB, England

Salomon Brothers (Hong Kong Branch): 2907 Alexandra House, 16-20 Chater Rd., Hong Kong
Salomon Brothers: One New York Plaza, New York, N.Y. 10004

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-253 1101.
Index Guide as at January 23, 1979 (Base 100 on 1.1.77)

Clive Fixed Interest Capital	129.82
Clive Fixed Interest Income	115.15

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London, EC3V 3PB. Tel: 01-623 6314.
Index Guide as at February 1, 1979

Capital Fixed Interest Portfolio	100.02
Income Fixed Interest Portfolio	87.75

U.S. computer boom after two sluggish years

By STEWART FLEMING in New York

PLANT AND equipment spending by U.S. industry has failed so far to play the role in the growth of the economy that Carter Administration officials had hoped but some sectors of the capital goods industry have been enjoying boom conditions. One such is the computer industry which is now seen as one of the brightest sectors even if the economy in general begins to slow down later in the year.

The computer is beginning to play a more obvious role in the day-to-day lives of many Americans outside the office as well as within it, and some electrical stores are beginning to sell and advertise home computers.

Home computers, whatever their future, are still only the fringe of the market and it is the mainstream of the industry which has been enjoying boom conditions over the past two years.

Although authoritative industry-wide statistics are not available—there is no computer industry trade association, for example—private estimates suggest that worldwide sales of U.S. computer companies grew by around 20 per cent last year and further gains of 13 to 15 per cent are predicted for 1979.

The picture can vary within differing segments of the market, however. The newly emerging mini-computer market, for example, is thought to have increased sales by around one-third last year. Similar gains are predicted for 1979.

The computer industry has in the past had disappointing experiences as a result of customers indulging in multiple ordering of equipment in an attempt to ensure that the one they need is met. So there is an inclination to take a cautious view of current order trends. But there is little doubt that even if the economy slows the industry is not expecting a slump in demand.

An indication of the mood in the industry has come from the earnings statements of major companies in the past two weeks. International Business Machines, for example, the company which dominates the computer business worldwide, reported that its fourth quarter earnings had increased by 27.2 per cent, a rise which was well ahead of forecasts from many of Wall Street's computer industry analysts. The fourth quarter results showed that IBM had joined the select band of companies which have earned over \$1bn in a quarter. For the year



The newly emerging mini-computer market is thought to have increased sales by around one third last year

writers with memories and correction facilities—have been attracting new buyers.

Industry analysts cite several reasons for the surge of demand. Mr. Stephen Dube, analyst for Goldman Sachs, the investment bankers, for example, pointed out that the steady decline of the price of computer equipment has been a key factor encouraging demand. It is generally estimated that prices for equipment of equivalent power have been falling by around 20 per cent a year.

Another factor has been the growing pressure on management to operate more efficiently and reduce costs. The service industry has been particularly concerned about low labour productivity and inflating wage costs, and banks and insurance companies have been among the most vigorous customers for new equipment. The emphasis is on new equipment which is opening up new applications for the computer and this is a key factor in the growth of demand.

Major companies such as IBM, American Telephone and Telegraph, Western Union and Xerox are now planning for what is seen as the next revolution in the application of the computer to industry, the office of the future. The concept will include facilities linking data-processing equipment within companies so that, for example, internal company letters will not have to go through the U.S. mail system but will simply be transferred through private lines linked with data processing equipment.

While this is some years ahead, it is estimated that the fully equipped office of the future will be operating within major corporations by the middle of the next decade.

There is, however, no lack of new applications now and this is reassuring investors who were concerned about the trend in the industry towards the outright sale of equipment instead of leasing or renting. Outright sales improve cash flow and immediate profits and mean that a company does not get a future stream of revenue in a currency depreciated by inflation.

There have been fears, however, that if carried too far this policy might mean that the companies were undermining future earnings prospects for the sake of current growth. Now, with both rental and outright sales revenues beginning to increase more rapidly at companies like IBM there is less anxiety on this point.

TOP U.S. COMPUTER COMPANIES

Company	1978 revenue (\$bn)	% gain on 1977	1978 net earnings (\$bn)	% gain on 1977	Earnings per share \$
IBM	21.1	16.2	3.1	14.4	21.29
Honeywell	3.5	21.0	0.201	39.0	9.4
Burroughs	2.5	16.0	0.253	18.0	6.21
Control Data	2.7	19.0	0.090	42.0	5.17
Sperry Rand*	3.0	15.0	0.154	31.0	4.39
NCM†	2.69	13.0	0.194	61.0	6.40

* Nine months figures.

† Excluding extraordinary item and gain from discontinued operations.

as a whole IBM's sales revenues were 16.2 per cent higher at \$21.1bn and net profit 14.4 per cent up at \$3.1bn.

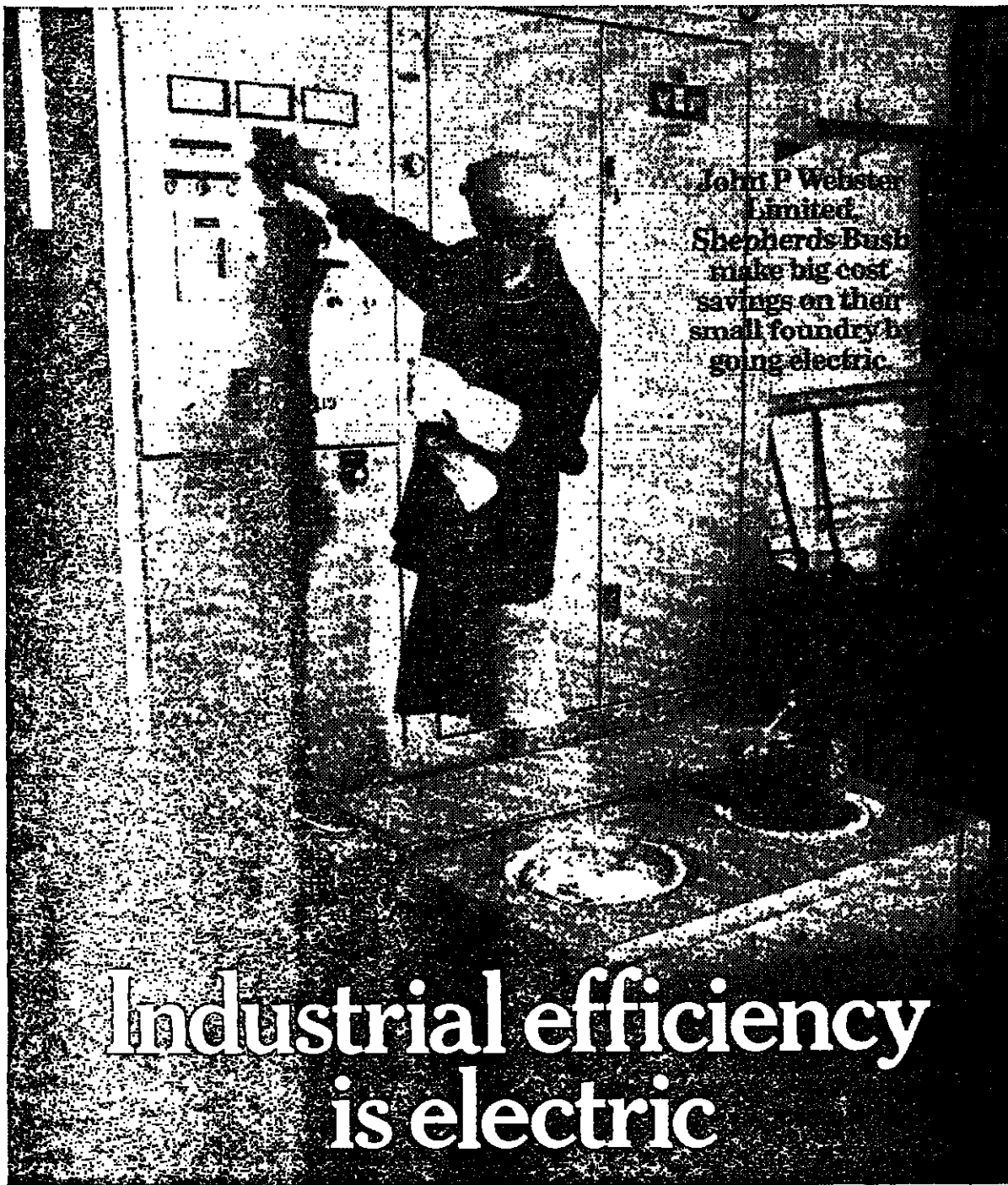
IBM, noted for its sharp and aggressive management is clearly not resting on its laurels however. Last week it announced a new range of medium-sized computers employing new technology—the 4300 models—which offer big improvements in data processing power at relatively lower prices.

The new models which are expected to replace older models in its 370 line introduced in the 1970s, start at as little as \$65,000. Evidence of just how seriously the data processing industry reacts to new IBM moves came immediately with two companies, a Greyhound subsidiary and DCL Inc. announced they were postponing a \$20m merger agreement in order to gauge the impact of IBM's moves on the market, and on Wall Street the share prices of some IBM's competitors slipped.

Mr. Frank T. Cary, the company chairman, reported that IBM had record order books and said that he expected purchases of equipment to continue at a high level. Other companies, Sperry Rand and Honeywell for example, echoed this optimistic tone.

The boom in the computer industry follows two sluggish years in 1974 and 1975 when many major corporations cut capital spending and put into effect austerity budgets designed to reduce costs and strengthen balance sheets overburdened with debt.

Now, however, the purchase of computer equipment is clearly a priority for many major corporations. One reason is that the industry has been bringing out new equipment, particularly at the top and bottom ends of the range. Large, new and more powerful equipment employing advances in technology and of course mini-computers or other computer-based equipment such as word processors—essentially type-

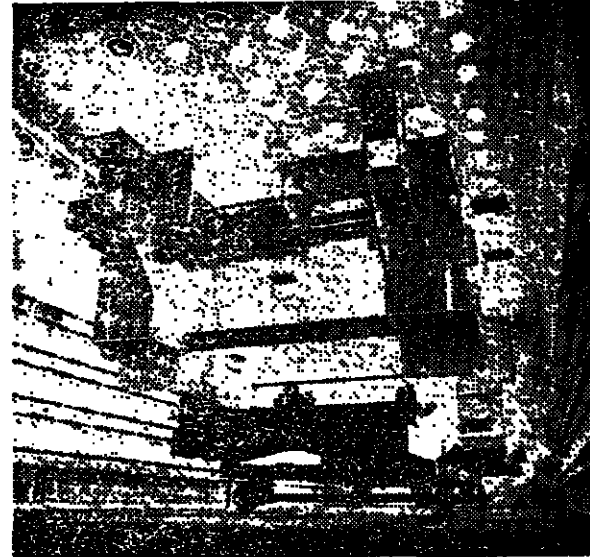


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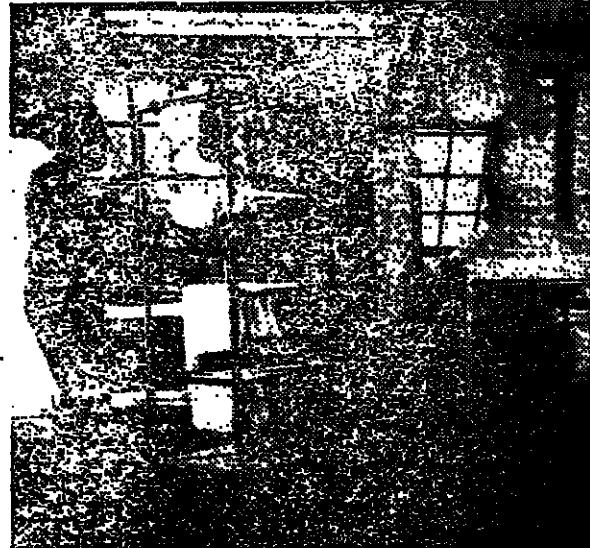
Electric vat heating gives Daly Condensers Limited, Weymouth, more economic anodising.



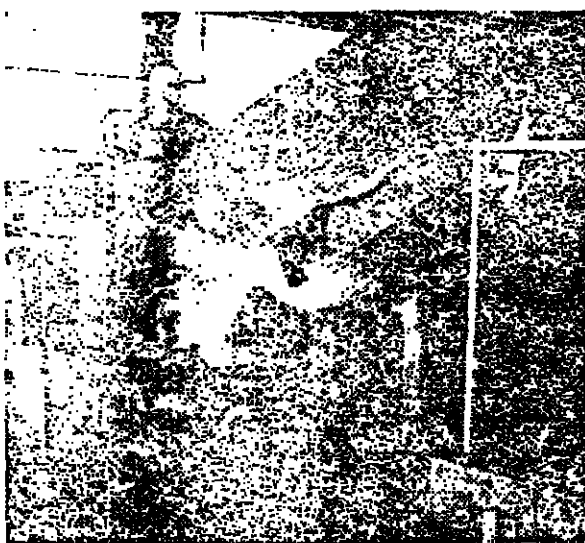
Blaw Knox Limited, Rochester, speed paint drying with electric infra-red oven.



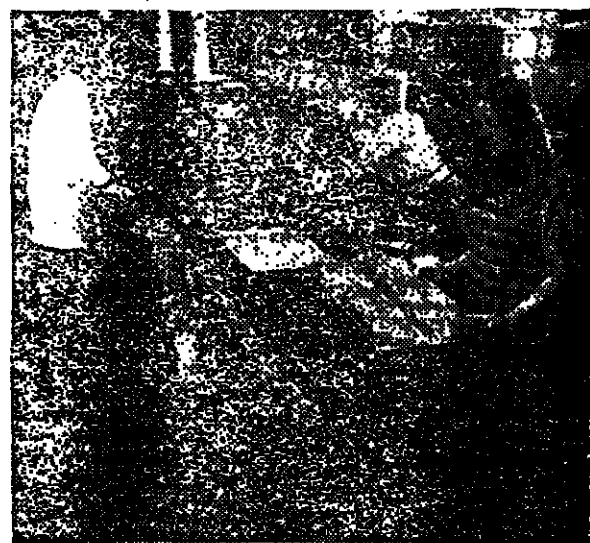
Stainless Metalcraft Limited, Chatteris, cut heat treatment costs by 25% with electric LTM furnace.



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What is the outlook for the Euromarkets in 1979?

What is the practical impact of the European Monetary System? How is the financial community being affected by the gathering crises in Iran and other countries in North West Asia? After the recent dollar crisis, what is the future for international reserves?

These and many other questions will be examined and discussed at 'The Euromarkets in 1979', a Financial Times Conference to be held at Grosvenor House, London, on February 21 and 22.

The conference will be opened by an address by the Rt. Hon. Harold Lever, Chancellor of the Duchy of

Lancaster. Other speakers will include, Dr. Charles A. Coombs, Director and Consultant, First Chicago International Banking Corporation; Mr. S. M. Yassukovich, Managing Director, European Banking Company Limited; The Rt. Hon. Lord Chalfont, Director, IBM (UK) Limited; Mr. Norman Robertson, Senior Vice-President and Chief Economist, Mellon Bank NA; Dr. Klaus Wieners, Senior Vice-President and Chief Economist, Westdeutsche Landesbank Girozentrale.

For full details of the agenda, and registration procedures, complete and return the coupon below.

THE EUROMARKETS IN 1979

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INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

NORTH AMERICAN NEWS

Shearson buys estate broker

By JOHN WYLES IN NEW YORK

SHEARSON HAYDEN STONE, one of the top ten U.S. securities firms, is following industry leader, Merrill Lynch, with a diversification into real estate brokerage and finance.

Conversely, Shearson should be able to offer residential mortgages through many of its 140 offices in the U.S.

The deal apparently has two major advantages for Shearson: diversification into mortgage finance through a company which currently services \$1.7bn in mortgages, and expansion of the company's securities brokerage services into areas where it currently has no representation.

Western Pacific has 27 offices in 15 western and south western states and the acquisition will plant the Shearson name for the first time in Georgia, Tennessee, Maryland, Virginia, Idaho, Nevada and Utah.

Bell appeal on Saudi contract ruling

By Robert Gibbens in Montreal

BELL CANADA, the major Eastern Canada telecommunications utility, will appeal direct to the federal government on the issue of whether profits from its Saudi Arabian contract should be included in its earnings for rate-setting.

Late last week the Canadian Radio-Television and Telecommunications Commission, the regulatory authority, refused to review an earlier decision that profits from the Saudi contract should be included.

Bell said its only course now is a direct Government appeal. It said the CRTC decision was "short-sighted and not in the best long-term interest of Canada."

USI Europe sold to Exxon

NEW YORK — National Distillers and Chemical Corporation has agreed in principle to sell its European low-density polyethylene operations to Exxon Chemicals, a division of Exxon Corporation.

The sale is expected to be completed by April 30. Cash proceeds after tax are estimated at \$39m. The transaction calls for about \$44m to be paid in cash principally for the capital stock of USI Europe NV.

\$607m sale by Ashland Oil

BY DAVID LASCELLES IN NEW YORK

ASHLAND OIL, the large oil company which is selling off its oil and gas properties so as to concentrate on refining and marketing, announced further sales over the weekend totalling \$607m.

Tenneco, the Houston-based diversified energy company, is to join Mesa Petroleum of Amarillo, Texas, to buy Ashland's mid-continental oil and gas properties for a total \$340m.

Oil of Los Angeles, which is to buy interests in Ashland's properties in the Gulf of Mexico off Louisiana and Texas, plus various support facilities, for \$267m.

With the sale last week of its Rocky Mountain, Southeastern and Southwestern Properties to Petro Lewis for \$121m, Ashland has so far rung up \$728m from the sales.

These include a 6.3 per cent interest in the North Sea's Brae Field and 5.4 per cent in Thistle, as well as properties in Indonesia, Nigeria and Sharjah.

Ashland thus looks set to surpass the \$750m it sold last month it had been bid for its oil and gas assets.

For Tenneco, the largest company yet to have figured in Ashland's sales, the move confirms its intention to develop domestic rather than foreign energy sources.

exploration and production to be relatively more profitable. Last year the company spent \$550m on oil and gas exploration and is expected to exceed that figure this year.

Getty Oil's domestic production has levelled out in recent years, and its acquisition may be an attempt to reverse that trend, particularly with the prospect of a loosening of U.S. domestic oil price controls.

EUROBONDS

New dollar issues top \$1bn mark

THE \$100m bond offering for the Canadian Export Development Corporation (EDC) announced yesterday, and the \$75m issue expected for the Province of Manitoba tomorrow, will bring the volume of new dollar denominated issues currently on offer to over \$1bn, easily the highest figure since early 1977.

The EDC issue, which is being led by Credit Suisse First Boston, is being fully underwritten by the management group, which includes six other banks. Terms of this bullet issue, which are final, include a coupon of 9 1/2 for five years and a price of 99 1/2. The bonds will yield 9.38 per cent.

The \$75m 10 year bullet for the Province of Manitoba, which has been pre-underwritten, includes a coupon of 9 1/2 per cent. The pricing of the issue will take place tomorrow and could be 99 1/2 or par depending on market conditions.

In the secondary market prices of dollar denominated issues were 1/2 to 1/4 of a point easier: this mark-down by professional traders was not the result of any selling pressure due to the dollar's weakness yesterday but more a psychological reaction to the very quick build-up of the new issue calendar over the past 10 days.

In the French Franc sector, the coupon on the FFR 200m issue for the Kingdom of Norway was cut by 1/4 to 9 1/2 per cent and the bonds were priced at par by the lead manager, Société Générale.

Such internationalisation has been the aim of the French Treasury all along. Caution still prevails, however, and the gentlemen's agreement reached between the Treasury and the French banks last September remains in force: in particular, no single issue may top the FFR 200m mark.

In the Deutsche mark sector, prices in the secondary market were unchanged in this trading. Westdeutsche Landesbank is expected to announce a DM 100m issue for an unknown address, tomorrow.

In the Yankee bond market, the European Investment Bank has filed with the Securities and Exchange Commission for an offering of \$350m of notes.

MOTIVATION FOR SPLITTING STOCK

A base for public support

BY JOHN WYLES IN NEW YORK

IBM STARTED IT, Dupont and Mobil also thought it a good idea and now many people are wondering if American Telephone and Telegraph will follow suit.

On average every year around 170 New York Stock Exchange listed companies imitate the action of the amoeba by splitting their stock. The move, often accompanied by a dividend increase, has become so commonplace it often warrants no more than a footnote to a chairman's statement.

But the process gains some significance when three of America's largest corporations, whose stocks are major investment items, decide within a few weeks of each other to split their stocks and thus to lower their market quotations and earnings-per-share figures.

Since IBM announced a four-for-one split (if you hold one IBM share you will receive three more) in the middle of December, first Dupont (two for one), and then Mobil (three for one) have taken similar initiatives.

The transaction also will reduce National's consolidated debt by \$48m.

decision by AT and T, which has the largest number of private shareholders of any U.S. company, three million, and which might just wobble about, competition for shareholders' money.

Few people need reminding that all the stock market's glittering adjectives—glamour, blue chip, growth—apply to IBM and that a move which alone would mean a quote from 300-315 to 75-78 could make it

The most common reason given for stock splitting is the desire to build a broader base of potential public support... AT and T's three million

interview, is a desire to build a broader base of potential public support. IBM is still fighting a 10-year old government anti-trust suit, domestic competition is fiercer than ever, and its move into electronic communications brings with it the possibility of government regulation of some of its activities.

AT and T has been living with similar problems for many years, but its 3m private shareholders have long been thought

shareholders have long been thought an asset in fighting a similarly protracted anti-trust suit and dealing with federal regulators.

Some analysts believe that another important factor for IBM is that, in 1978, its earnings per share climbed over \$21 and, says Mr. Harry Edelson of Drexel, Burnham, Lambert, "in this age of conservatism it can be embarrassing to report high earnings per share figures."

Dupont was possibly reaching a similar problem after a 46 per cent climb in net earnings to \$18.15 per share.

Mobil, which says its principal motivation of its two-for-one split, was "to attract more individual shareholders," saw its earnings per share move into double digits for the first time last year.

A stock split accompanied by a dividend increase more often than not increases a company's market capitalisation for a period after the announcement.

In IBM's case, with or without

Stocks

This is a desire to increase as much as possible ownership of their shares by private investors and thus to reduce, correspondingly, the proportion owned by institutions. A widely held view on Wall Street is that IBM's move encouraged the proposed splits by Dupont and Mobil and may prompt a similar

Retailers turn in higher sales

CHICAGO — Most major U.S. retailers posted strong sales gains in January compared with the year-ago month when bitter winter weather over much of the country weakened sales.

posted by four of the nation's five major retail chains, with K Mart Corporation's 20 per cent gain leading the way.

Banco Brascan moves ahead

TORONTO — Brascan said earnings for Banco Brascan, its banking subsidiary in Brazil, totalled Cr\$4m (around \$4m) in 1978, compared with Cr\$2m the previous year.

RESULTS IN BRIEF

GATX moves into profit

NEW YORK—Railway wagon manufacturer GATX Corporation experienced a sharp setback in 1978, with earnings dropping from \$9.09 to \$1.95.

For the first six months of the current financial year, electrical goods maker Avnet Incorporated advanced from \$1.18 to \$1.43, engines and locks manufacturer Briggs and Stratton moved up from \$1.06 to \$1.48, and consumer electricals concern Tandy Brands edged up from \$2 cents to 97 cents.

For the first quarter, ARA Services, the vending and food services company, reported an increase from \$1.31 to \$1.50.

Mackie, which operates in the vending and building maintenance fields, managed to push up its income per share from 37 cents to 45 cents over the first three months.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, DEUTSCHE MARK, STRAIGHTS, CONVERTIBLE BONDS, SWISS FRANC, YEN STRAIGHTS. Includes bond names, amounts, and yields.

Table with columns: OTHER STRAIGHTS, FLOATING RATE NOTES, AMERICAN QUARTERLIES, NORTHWEST INDUSTRIES, RUBBERMAID, SOUTHERN COMPANY, STANDARD BRANDS, TEXAS INSTRUMENTS, UNITED BRANDS, WINN'S STORES. Includes company names and financial data.

Advertisement for Cogefar Holding S.A. Luxembourg US \$15,000,000 Medium-term Loan. Includes Cogefar logo and contact information for various banks.

Companies and Markets

INTL. COMPANIES and FINANCE

VOLVO AND SAAB

The old rivalry reaches a new pitch

BY WILLIAM DÜLLFORCE IN STOCKHOLM

THE RIVALRY between Volvo and Saab-Scania, the two Swedish car and truck makers, has reached a new pitch after the breakdown of the Volvo Board's effort to sell 40 per cent of its company to Norway for Skr 950m (\$218m).

Last week Saab-Scania announced a 55 per cent profit increase for 1978, a Skr1 a share dividend rise and a one-for-four Skr 131m rights issue at par. Added to the package was a stock split reducing the nominal share value from Skr 100 to Skr 50 each. This compares with the 45 per cent profit improvement for 1978 and the unchanged dividend announced previously by Volvo. Saab-Scania beat Volvo to the market for its new share capital and the terms of its new issue and the stock split (putting the Saab-Scania shares onto the same nominal Skr 50 as the Volvo shares) have led to speculation on the Stockholm stock market that Saab-Scania is thinking of a takeover bid in the long run, if not immediately.

At the week-end Saab-Scania made another aggressive move when the Scania truck division announced that it would start assembling its trucks and buses in Morocco. Volvo already has an assembly plant there. Scania's action looks suspiciously like retaliation for Volvo's move into truck assembly in Brazil, where the Scania assembly plant has been running well below capacity.

The background to the inflamed situation between the two Swedish groups is the merger which aborted in 1977 amid mutual recrimination and the widespread belief, to which Volvo's managing director Mr. Pehr Gyllenhammar, has indicated he subscribes, that Saab-Scania's chairman, Dr. Marcus Wallenberg played a key role in organising the shareholder resistance to Volvo's Norway deal. In fact, there has been no evidence that Dr. Wallenberg stage-managed the shareholders' revolt, although he did speak out against the deal.

Stockholm stockbrokers yesterday noted the change in the two companies' share prices since the failed merger of 1977. Then, Volvo shareholders were offered two Saab-Scania shares and a Skr 40 convertible bond

Norway deal would make any such move by Dr. Wallenberg and Saab-Scania imprudent in the near future. Both Mr. Gyllenhammar and Mr. Sten Gustafsson, Saab-Scania's managing director, rejected the

Following the breakdown of the Volvo/Norway talks, attention has focused on Volvo's depressed stock market rating and the failed merger with Saab-Scania. In 1977 a proposed deal between the two companies valued Volvo shares at Skr 152 each compared with a present stock market value of Skr 79.50

shareholders for more than Skr 60 a share.

Institutional shareholders and stockbrokers are more interested in the possibility of a package of index-linked shares and debentures of the kind suggested by the Langenskiöld stockbroking house. Mr. Thomas Fischer of Langenskiöld estimates that Volvo could raise as much as Skr 380m in this way.

Saab-Scania is setting up its Moroccan truck and bus assembly plant together with a local company Cogespas SA, which will have a two-thirds interest in the joint venture. Scania will put in Skr 6m as its part of the share capital and hopes to start assembling between 300 and 400 vehicles a year in Morocco from autumn, 1980.

The Moroccan market absorbs about 2,000 heavy trucks and 300-400 buses a year. The main suppliers at present are Volvo and Renault with DAF holding a very small share of the market.

for three Volvo shares. At current prices this would work out at Skr 456 or Skr 152 per share against a current Volvo share price of Skr 79.50. The stockbrokers' conclusion is that Saab-Scania could now acquire Volvo considerably more cheaply than in 1977.

The situation is not, however, ripe for any such bid. The political passions aroused within the Swedish left-wing parties and trade unions by the shareholders' revolt against Volvo's

thought of a merger last week. But Saab-Scania is clearly displaying its muscle.

Mr. Gyllenhammar is scheduled to visit some of his institutional shareholders this week to discuss ways of meeting Volvo's capital needs after the collapse of the Norwegian agreement which would have brought in Skr 750m in new share capital. It could be difficult for Volvo to emulate Saab-Scania by making a new rights issue. It could not ask



The National Bank of Australasia Limited

Highlights from the Chairman's address

BANKS IN THE FINANCIAL MARKET PLACE

Monetary policy has been used extensively in recent years to regulate the economy. While recognizing the responsibilities of banks in the application of monetary policy, I firmly believe that the banking system has been overly restrained to the detriment of its ability to service the financial requirements of the community. From the point of view of the Government and Reserve Bank, it obviously becomes more difficult to implement economic policies through the banking system as the relative size of the latter declines. The danger exists in the long term that achievement of a given result will require the application of even stricter monetary controls, which in turn further disadvantages the banking system. This nexus can best be broken by ensuring that banks are not subject to undue restraint and are able to compete on an equal basis with other financial institutions. I am confident this can be achieved without hindering the application of monetary policy and that, in fact, it will actually enhance its effectiveness.

INQUIRY INTO THE AUSTRALIAN CAPITAL MARKET

The National Bank believes there is considerable scope for freeing the banking system. We welcome the recent announcement by the Treasurer, Mr. Howard, of an inquiry into the Australian financial system. The terms of reference are sufficiently broad to cover all aspects of the financial market. The findings of the Inquiry will, I am confident, lead to the removal of distortions which have for so long prevented the banking system from playing its full role. BRIGHTER ECONOMIC OUTLOOK The outlook for the year ahead is for firmer growth in economic activity. The decline in inflation, coupled with exchange rate adjustments of the past year, is undoubtedly helping to restore the competitiveness of Australian industries. A significantly better outlook is also emerging

for many of the nation's rural industries due to excellent seasonal conditions and greater price stability. The benefits will not only be felt by the rural community but will also have a positive impact on the economy as a whole.

AUSTRALIA-JAPAN INTERNATIONAL FINANCE LIMITED

The Bank continued to expand its international representation and activities during the year. A joint-venture finance company was established in Hong Kong in partnership with the Mitsubishi Trust and Banking Corporation, Tokyo. The new company, Australia-Japan International Finance Limited, will provide a range of financial services to corporations and governments on a world-wide basis. The company has made a successful start since commencing operations in December 1978. Melbourne, January 25, 1979 R. R. Law-Smith, Chairman

SUMMARY OF ACCOUNTS			
	1978	1977	%
	\$'000	\$'000	Increase
Group operating profit	46,258	42,708	8.3
Total group assets	7,417,672	6,512,403	13.9
Dividend per stock unit	15.0c	14.5c	

Finnish steelmakers to merge

By Lance Keyworth in Helsinki

THREE Finnish companies plan to merge their steel interests to create a company of 5,000 employees with an annual turnover of FM 1bn (\$127m) including FM 400m in exports. The three companies are Ovako Oy, Oy Wartsila AB and Oy Fiskars AB. Of combined iron and steel turnover Ovako accounted for FM 730m. The entire Ovako group, itself created by a merger, will join the new company when merger terms are finalised. Ovako makes long products and wire rod. The Wartsila unit is the Dahlsbruk steel works with which Ovako already has a marketing agreement. The third member will be four factories from Fiskars which produce nails, wire and steel castings.

After two years of restraint, Oy Nokia plans to make investments totalling FM 180m (\$45m) in the current year. The company's preliminary report for 1978 is optimistic about the prospects in the year ahead.

Andresens' setback knocks stock market

BY FAY GJESTER IN NORWAY

NEWS THAT Andresens Bank, Norway's fourth largest commercial bank, would be paying no dividend for 1978, came as a shock to many investors. The bank has paid around 10 per cent yearly since it was enlarged, in 1966, by its merger with Folkebanken-Realbanken. The Oslo Stock Exchange has reacted with a share price setback of around a tenth. Market observers had long been aware that the bank was facing problems following considerable losses on a number of engagements, particularly shipping. It has traditionally been a large lender to the shipping sector. It was, in fact, the flood of rumours about its difficulties that led Andresens to release information on its 1978 results earlier than usual—"to prevent speculation," the bank said. Normally, the bank publishes

its annual results in mid-February.

Andresens' last published interim report for the first eight months of 1978, gave little indication of the bank's problems. On the contrary, the interim statement reported pre-tax profits 21.6 per cent up on the same period a year earlier. No mention was made of losses that would have to be written off.

At the same time, however, the financial difficulties of Norinvest, a finance company in which Andresens was heavily involved lay at the centre of stock market speculation. Though only a 10.5 per cent shareholder in Norinvest itself, Andresens had a 45 per cent shareholding in Norsk Kausjon, one of four insurance companies belonging to a pool. To save Norinvest from bank-

ruptcy, Andresens had to put up nearly a quarter of the Nkr 68m needed to permit its controlled liquidation. In addition, Norsk Kausjon had to agree to shoulder on its own the guarantee of responsibility formerly shared with the three other companies in the pool.

In last week's announcement, Andresens said that the crisis in shipping, and the difficult economic conditions in Norwegian business and industry generally, had obliged it to make extraordinarily large loss write-offs last year—Nkr 68m (\$13m) in all. This represented a full year's pre-tax profit at the bank. Andresens' gave no details about how the losses were distributed among its numerous investments, but Norinvest probably accounted for about Nkr 21m of the total. Other substantial write-offs

concerned Andresens' involvement with the Waage shipping company, with a couple of heavy engineering firms (Strommens Verksted and Strommen Staal) and with a shipyard, Ankerlokken.

Under more normal conditions, Andresens' statement would conceivably have led to shareholder selling. However, the Norwegian market in bank shares is not "normal" at the moment because of the bank's "democratisation" law that took effect from January 1, 1978. This law gives shareholders in banks the right to sell their shares to the state before the end of 1980. An impartial commission is currently setting the official price for the shares of Norway's 26 commercial banks, based on the value of each bank's shares during the years 1975 to 1977.

Phoenix ends mass market link

BY GUY HAWTIN IN FRANKFURT

PHOENIX-GUMMIWERKE, West Germany's second largest tyre manufacturer, is pulling out of the mass-tyre market. It is to concentrate on producing technical products for the motor manufacturers and industrial products.

The decision is one that has, more or less, been forced on the group by increased competition from imported tyres from low wage cost countries in its domestic market. Phoenix-Gummi has not been alone in feeling the draught from abroad—both of its main competitors, Continental-Gummi and Metzeler, have also been under pressure.

In the background to the painful decision lies the failed merger attempt between Phoenix-Gummi and Conti-Gummi proposed last year. Mergers between the two concerns had long been discussed and, although such a move had all the elements of a shot-gun wedding as opposed to a love-

match, the weak state of the tyre market seemed to indicate that a link-up between the two groups was not merely desirable but well overdue.

According to the Phoenix-Gummi management, tyre sales this year will contribute between 10 to 12 per cent of total turnover compared with last year's well over 20 per cent. In 1978 the parent concern's total sales fell back by 8 per cent to DM 486m (\$260.4m), largely as a result of poor performance in the tyre sector.

Among the things the group is to specialise in is tyres for commercial vehicles where its "hard-earned" know-how should yield dividends. In doing so it will reduce its tyre output to between 2,000 and 3,000 units per day—a measure which, compared with 1975 figures, will reduce turnover by some DM 150m a year.

Although the measures to put the company back on a sound footing will yield benefits for

the future, the immediate prospects include heavy overheads stemming from cuts in staff and plant. The group's management has not yet publically quantified these.

Therefore, shareholders, who have received nothing since a nominal 5 per cent dividend in 1975, should not build up too many hopes for 1978. However, the management believes that the new production programme is heavily "profit orientated" and no longer endangered by pressure from imports. Current order levels indicate that sales should move upwards and hopes are that the group will see 1979's figures once more in the black.

The 1978 earnings figures have still to be published. But, with the new production programme in operation, they should not prove much of a guide to 1979's performance. There is still much ground to be made up.

Upturn in sales for Flachglas

By Our Frankfurt Correspondent

FLACHGLAS, the major West German glass maker, has reported "satisfactory" progress in 1978 despite the continued recession in demand from the construction industry. Sales were up largely thanks to high demand from the motor industry.

A shareholders' note stated the cash turnover increased from DM 785m in 1977 to last year's DM 765m (\$406.1m)—a rise of 4 per cent. Despite the strong increase in the value of the D-mark against the dollar, exports as a proportion of sales rose from 1977's 16.3 per cent to 17.3 per cent.

Despite indications of an upturn in the construction sector, deliveries to the building industry during the year fell back by 10 per cent, although targets were met in the building renovations sector. For the third year in a row demand from the motor industry continued at a very high level.

Further rationalisation, coupled with an increase in sales of high value products, led, once again, to satisfactory operating profits.

Capital investment in 1978 amounted to DM 140m compared with DM 65m in 1977. During the course of 1979, the concern is to step up its activities in Brazil through its 50 per cent-owned subsidiaries operating in the window glass and safety glass sectors.

Dr. Degussa, the Frankfurt-based metals and chemicals concern, is recommending a dividend of 17 per cent, unchanged from 1976-77. The group's supervisory board is to put the year's proposed payout to the annual meeting to be held here on April 6.

Swiss move on negative interest rates

DEPOSITS of proceeds from the sale of Swiss securities by non-residents will be subject to an annual 40 per cent negative interest rate beginning next March 1, according to the Swiss National Bank. AP-DJ reports from Zurich.

A spokesman described this as "just a technical measure" in connection with last week's withdrawal of the investment ban for non-residents. Since January 1975 all Swiss-franc deposits by non-residents have been subject to the negative interest which is designed to prevent the inflow of speculative funds that has strengthened the franc.

Volume of Euromarket close to \$800bn

BY OUR EUROMARKETS STAFF

THE SIZE of the Eurocurrency markets on a gross basis reached nearly \$800bn by the end of September, 1978—a rise of almost \$150bn, or 23 per cent from one year earlier, according to latest estimates from Morgan Guaranty Trust Co. This expansion is about the same as the average annual rate of growth since the end of 1973, the bank reports.

The net size of the market had reached about \$450bn by last September, an increase of some 25 per cent. The definition of the gross size of the market is a representation of the total foreign

currency liabilities on the books of banks in major market centres. In measuring the net size part of the interbank deposits in the market are netted out of the gross, in order to eliminate the double counting that results when the same funds move from one bank within the Eurocurrency market to another.

Morgan Guaranty notes that a large portion of Euromarket volume has a counterpart which is already counted in some countries' domestic money supplies. Thus, there is an extensive overlap between net Eurocurrency liabilities—and domestic monetary aggregates.

EUROPARTNERS SECURITIES

Joining Wall Street's most select club

BY JOHN EVANS

EUROPARTNERS Securities Corporation, a joint venture of some major European banks, has just succeeded in joining what foreigners have regarded as the most exclusive club on Wall Street. It has become the first U.S. securities firm owned by foreign banks to become a member of the big board.

The firm acknowledges that "quite significant" economies will be made as a result of NYSE membership. In addition, it will become a member of the exchange's clearance system, the Securities Clearing Corporation, which should result in savings in its back office operations.

While EuroPartners is primarily interested in gaining access to the common stock side of the NYSE business, membership should also aid its expansion

into other forms of U.S. equity business, including the embryonic options markets. EuroPartners itself, as well as the New York brokerage establishment, will no doubt be counting up the costs of this breakthrough into the inner bastions of the U.S. securities industry.

EuroPartners indicates that the cost of its seat is "near the recent floor price"—generally regarded to be around \$70,000 in the last year or so. In contrast, a seat back in 1968 commanded up to \$500,000.

EuroPartners' shareholders are Commerzbank, Credit Lyonnais, Banco di Roma, Bank Leu of Switzerland, and Nordic Bank Ltd., the latter being the London-based consortium bank which groups several Scandinavian banks. The firm is the

main route through which these banks funnel their U.S. investment business into New York, both on their own account and that of their customers.

The institutional and investment trust business these banks administer means that EuroPartners sees large amounts of overseas investment business in the American markets. The firm is reluctant to comment on the exact volumes involved, but clearly volume is substantial.

The importance of such business can be gauged by the experience of the regional U.S. exchanges. For instance, up to 50 per cent of the volume on the Boston Exchange is reckoned at times to be generated by foreign interest.

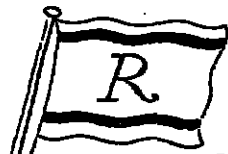
securities industry in recent years for foreign banks and brokers.

The first securities brokerage and investment banking firms owned by foreign banks were established in the U.S. in the 1960's, and become active members of the regional exchanges, such as the Philadelphia, Boston, Midwest, and Pacific markets.

In 1975, Congress passed the Securities Reform Act which included provision that U.S. Securities Exchanges must accept as members any qualified U.S. broker or dealer firm including firms owned and controlled by foreign organisations. The NYSE's action in approving for the first time the membership application of a foreign-owned securities firm is the first practical outcome of the act.

This announcement appears as a matter of record only.

U.S. \$161,500,000



R/A HADRIAN

U.S. \$45,530,000

R/A TRAJAN

U.S. \$115,970,000

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Midland Bank Limited The Royal Bank of Scotland Limited The Tokai Bank, Limited

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Banque Canadienne Nationale (Europe) Banque Continentale du Luxembourg S.A.

Banque Européenne de Crédit (BEC) Banque Franco Allemande S.A. Banque Nord-europe S.A.

Bergen Bank International S.A. Canadian Imperial Bank of Commerce DG Bank International

Dow Banking Corporation Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Hambros Bank Limited International Commercial Bank Limited International Energy Bank Limited

Landesbank Rheinland-Pfalz und Saar International S.A. Midland Bank Limited

The Mitsui Bank, Limited Nederlandse Credietbank NV The Royal Bank of Scotland Limited

Société Centrale de Banque Société Financière Européenne Finance Company N.V. The Tokai Bank, Limited

Toronto Dominion Bank Union Bank of Norway Ltd. WestLB International S.A.

Agent Bank

Hambros Bank Limited

January, 1979

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AUSTRALIAN NEWS

First-half profits increase for Commercial Banking

BY JAMES FORTH IN SYDNEY

THE COMMERCIAL Banking Company of Sydney earned more in the first six months than it has previously earned in any full year. Profit for the period jumped from A\$123m to A\$115m (\$US18.1m). This compares with earnings of A\$7.16m in 1977-78 and the previous record of A\$10.75m achieved in 1974.

The directors have raised CBC's interim dividend from 6.5 cents a share to 7.5 cents, indicating an increase in the 13 cents paid last year. The main improvement was achieved in CBC's banking operations, although the group also benefited from a return to profit by the finance company subsidiary, Commercial and General Acceptance.

Banking profits doubled from A\$5.52m to A\$10.9m, which CBC attributed to a number of factors, including increased revenue from an improved assets structure, continuing close control of costs, improved systems for cheque clearance and a lower average level of statutory deposits lodged with the reserve bank.

Rothmans boosts Australian earnings despite duty rise

BY OUR SYDNEY CORRESPONDENT

ROTHMANS of Pall Mall (Australia) overcame increased excise duties on tobacco and spirits to register a 43 per cent gain in profit, from A\$2.69m to A\$3.9m (U.S.\$4.4m), in the December half year. Moreover, the company said it was confident that the result for the full year would show a material improvement.

The interim dividend is being maintained at 10 cents a share. Group turnover for the period rose by 27 per cent from A\$162m to A\$206m. Rothmans pointed out that the total tobacco market declined in the December half, as a result of severe increases last August in

excise duty. The decline was more notable in the second quarter although there was evidence of recovery by the end of the period. Despite the downturn and vigorous competition, Rothmans' sales rose both in terms of value and volume, indicating an increasing penetration of the market.

Six months upturn at Brambles

BY OUR SYDNEY CORRESPONDENT

BRAMBLES INDUSTRIES the major Australian transport and materials handling group, boosted earnings by 16 per cent from A\$5.9m to A\$6.9m (U.S.\$7.8m) in the December half-year, despite increased operating costs and continued

industrial unrest in many industries serviced by the group. The result was achieved on an increase of almost 13 per cent in sales from A\$105m to A\$118.5m. The company said there was room for optimism with gradual

improving trends being indicated during the six months, resulting in increased utilisation of equipment. The group was now starting to benefit from the restructuring of the transport and industrial services operations of Brambles.

Japan in record foreign lending

Japanese financial institutions made a record \$15bn in medium- and long-term loans to foreigners in 1978, about 2 1/2 times the previous year's level, Japanese financial sources said.

Lending in Eurocurrencies amounted to more than \$11bn, about triple the 1977 total. Loans in yen totalled nearly \$4bn, a five-fold increase.

The sharp increase resulted from stepped-up overseas lending by Japanese commercial banks seeking to expand international business and from easing of controls on such loans in mid-1977. Japan's overseas lending fell sharply after the oil crisis of 1973 amid international credit unrest, with the Finance Ministry imposing controls on Japanese banks.

Upturn in Japanese results

TOKYO—Banks and brokerage houses headed the list of major Japanese businesses closing their accounts at the end of last September and reporting an average double-digit gain on their taxable income, the National Tax Administration agency announced.

The announcement was based on tax returns filed by 272 companies in 20 industries closing their books annually on September 30 and 177 others in 10 industries whose half-year accounts ended then.

The first group reported a combined total income of ¥577bn, up by 13.4 per cent over the previous year, and the second group ¥805.3bn, up by 15 per cent over the prior six-month period, the agency said.

IDB dividend unchanged

ISRAEL'S Discount Bank, the country's third largest bank, will pay an unchanged cash dividend for 1978 of 30 per cent and also plans a 3-for-10 scrip issue.

Total consolidated net income of the bank in 1978—including its subsidiaries, Barclays Discount, the Mercantile Bank of Israel, the Israel Development and Mortgage Bank, the Industrial Finance Bank, the Discount Bank (Latin America), Montevideo and Israel Discount Trust Company, New York—came to I\$421m (\$24m), compared with I\$357m a year earlier.

SOUTH AFRICAN NEWS

Highveld Steel reverses decline in performance

BY JIM JONES IN JOHANNESBURG

HIGHER STEEL export prices, improved export demand for manganese and silicon ferro-alloys, and the first-time consolidation of ferro-silicon producer Rand Carbide have reversed last year's profit downturn of Highveld Steel and Vanadium Corporation.

In the six months to December 31, group turnover was R120.9m, a 54 per cent increase over the comparable period of 1977. Attributable profit grew by 27 per cent to R12.5m (\$14.4m).

But the going has not all been easy for Highveld. Rand Carbide contributed 13 per cent of earnings, meaning that first half earnings of Highveld's other operations were only 10.9 per cent ahead of 1977. Despite growing potential markets for oil pipelines in Mexico, Canada and the Soviet Union, Highveld's vanadium division is still suffering from world-wide vanadium production over-capacity.

Coastal fishing limit improves turnover at Irvin and Johnson

BY OUR JOHANNESBURG CORRESPONDENT

IMPLEMENTATION OF a 200-mile fishing limit around South Africa's coast 15 months ago is starting to improve performances of the country's fishing companies. This is one indication of the results for the six months to December 31, 1978, of fish and frozen food manufacturer Irvin and Johnson (I and J), the 57 per cent

owned Anglovaal group subsidiary. Group turnover for the period rose to R80.3m (U.S.\$92.3m) compared with R75.1m for the comparable period of 1977. This took place in a climate of intense competition in the processed food market. With few foreign trawlers now operating within 200 miles of

South Africa, I and J's trawlers increased their catch. Rationalisation of I and J's food processing division is starting to make itself felt. Attributable first half earnings have more than doubled to R2.68m (R1.33m in 1977-78) and management expects second half earnings to at least match those of the first half.

Modest comeback staged by Folex

By Wong Sulong in Kuala Lumpur

AFTER SEVERAL years of huge losses, Folex Industries Berhad, the second biggest textile company on the Kuala Lumpur exchange, has managed to make a modest profit for the year ending last August.

Operating profit, before tax and extraordinary items, was 858,000 ringgits (\$390,000), compared with a loss of 3,270 ringgits the year before.

Total sales rose by 26 per cent to 35m ringgits, with the second half particularly favourable, both in terms of sales and profits.

Chairman Chan Tak Cheung said that profitability was expected to be maintained, but added that the company's problems were far from over. Because of accumulated losses amounting to over 30m ringgits, Folex has no choice but to submit to schemes of reconstruction arranged by its creditors. Details of the reconstruction would be disclosed at a general meeting to be called, but the aim is to improve its net asset value and the debt to equity ratio.

This announcement appears as a matter of record only

Petro-Canada Exploration Inc.

A wholly-owned subsidiary of

Petro-Canada

U.S. \$1,250,000,000

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and
Banque Canadienne Nationale
Bank of British Columbia
Provincial Bank of Canada

Agent
The Royal Bank of Canada

November, 1978

Israel Discount Bank Limited

Head Office: Tel-Aviv

Condensed Consolidated* Balance Sheet as at 31st December, 1978

ASSETS	£ Sterling
Cash and due from Banks	1,295,339,000
Israel Government obligations	41,157,000
U.S. Government and U.S. Agencies obligations	15,252,000
Other Securities	159,937,000
Deposits with and loans to Government	551,236,000
Loans, Bills discounted and other accounts	499,169,000
Loans in connection with deposits for loan purposes	373,328,000
Bank premises, other property and equipment	15,986,000
Customers Liabilities	157,222,000
	£3,108,626,000
LIABILITIES	
Capital Reserves and Capital Notes including Minority Interest	67,813,000
Convertible Debentures issued by Subsidiary Company	1,799,000
Deposits (demand, time and savings accounts)	2,082,801,000
Government, Banks and other Deposits for loan purposes	545,684,000
Other Accounts	39,265,000
Debentures issued by subsidiary	214,042,000
Liabilities on account of customers	157,222,000
	£3,108,626,000

*£ Sterling = I£38.6577

*Including the Balance Sheets of Barclays Discount Bank Ltd, The Mercantile Bank of Israel Ltd, The Israel Development and Mortgage Bank Ltd, Industrial Finance Bank, Discount Bank (Latin America), Montevideo and Israel Discount Trust Company, New York.

Total number of Branches: 240

U.K. Representative Office: 89 Duke Street, London W.1.

\$65,000,000

Celulosa Puerto Piray S.A.

PUERTO PIRAY, PROVINCIA DE MISIONES
REPUBLIC OF ARGENTINA

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Banco Nacional de Desarrollo

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MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Agent

FUNDS PROVIDED BY:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

DEUTSCHE BANK
COMPAGNIE FINANCIERE LUXEMBOURG

SUDAMERIS INTERNATIONAL BANKING CORPORATION

THE ROYAL BANK OF CANADA

THE BANK OF TOKYO, LTD.

UNION BANK OF SWITZERLAND

This announcement appears as a matter of record only.

This announcement appears as a matter of record only.

January 30, 1979

\$50,000,000

EMI (US) Corp.

9 3/4% Notes due December 31, 1993

Unconditionally guaranteed by

EMI Limited

The undersigned arranged the private placement of the above Notes with institutional investors in the United States.

Smith Barney, Harris Upham & Co.
Incorporated

CURRENCIES, MONEY and GOLD

Companies and Markets

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 5, 1979, in some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer. Abbreviations: (S) member of

the sterling area other than Scheduled Territories; (h) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exc) exchange certificate rate; (P) based on U.S. dollar parities and using sterling dollar rate; (BK) bankers rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate. Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Table with columns: Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of £ Sterling. Lists various countries and their exchange rates against the pound.

Dollar weaker

The dollar lost ground against most currencies in yesterday's foreign exchange market and finished on or around its worst level for the day. Against the D-mark it closed at DM 1.8650 for an earlier level of DM 1.8550 and Friday's close of DM 1.8550. Similarly the Swiss franc improved to SwFr 1.6900 from SwFr 1.7080, while the Japanese yen was stronger at ¥199.80 compared with ¥201.40 previously.

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THE POUND SPOT

Table with columns: Feb. 5, Rate, Day's Spread, Close. Lists exchange rates for various currencies like U.S. Dollar, Canadian Dollar, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Feb. 5, Day's Spread, Close, One month, 3 months. Lists exchange rates for various currencies like U.S. Dollar, Canadian Dollar, etc.

CURRENCY RATES

Table with columns: February 2, Special European Drawing Unit, February 5, Bank of England, etc. Lists various currency rates.

OTHER MARKETS

Table with columns: Feb. 5, Note Rate. Lists various market rates like Argentina, Australia, Brazil, etc.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 3.1 per cent from 2.6 per cent. On Bank of England figures, its index fell from 85.1 to 84.5.

PARIS - Trading was described as very active yesterday and the dollar showed a sharp fall against the French franc to close at Fr 4.2900 compared with Fr 4.3500 earlier and on Friday evening. The recent sharp improvement in the U.S. unit led to some profit taking and together with the Iranian situation and the sharp rise in gold, the U.S. unit weakened considerably despite central bank support.

STERLING - Sterling traded steadily for most of the day, but showed a slightly weaker tendency towards the close. This was reflected in its trade-weighted index which finished at 83.3 from 83.4 on Friday, having stood at 83.4 at noon and in the early dealers. Dealers were quick to point out that sterling's apparent lack of movement was mainly due to dollar weakness. This was seen against the D-mark, which rose to Dm 3.7125 from Dm 3.7350, as did the Swiss franc to SwFr 3.3650 against SwFr 3.3850. The pound opened at \$1.8500 against the dollar and eased to \$1.8780 before improving to \$1.9065 in the afternoon. A rise to \$1.9200, a record, was seen at 85 points from Friday's close.

AMSTERDAM - The dollar was fixed at Fl 2.0210 yesterday, down from the previous fixing level of Fl 2.0340.

ZURICH - In line with its performance in other centres, the dollar showed a sharp decline in early morning trading. The U.S. unit came off offer after the cancellation of sizeable defence purchases by Iran and reflected the gain in the price of gold. The U.S. unit was quoted at SwFr 1.6970 compared with SwFr 1.7082 earlier and DM 1.8717 from DM 1.8835.

FRANKFURT - The dollar was fixed at DM 1.8726 yesterday, compared with DM 1.8847 on Friday, and there was no inter-

vention by the Bundesbank. In active trading the U.S. unit fell on fears of reduced oil output from Saudi Arabia and the continuing uncertainty in Iran. In later trading it fell further to DM 1.8840 at the close.

TOKYO - After its recent firmer trend, the dollar fell back yesterday against the yen to close at ¥201.775, compared with Friday's close of ¥202.225. The U.S. unit opened at ¥201.20 and its firmer was attributable to commercial demand for import settlements. However, during the afternoon the situation was reversed with the dollar coming off offer and easing to its closing level. Trading in the spot market totalled \$440m, with forward trading at \$181m, and swap dealings accounting for \$612m.

EXCHANGE CROSS RATES

Table with columns: Feb. 5, Pound Sterling, U.S. Dollar, Deutschemark, Japan's Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc. Lists various exchange rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Feb. 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen. Lists various interest rates.

INTERNATIONAL MONEY MARKET

Interest rates were firmer in most of the world's financial centres yesterday, although First National Bank of Chicago joined Chase Manhattan and one or two other U.S. banks in cutting its prime rate to 11 per cent from 11 1/2 per cent.

Firmer trend

Interest rates were firmer in most of the world's financial centres yesterday, although First National Bank of Chicago joined Chase Manhattan and one or two other U.S. banks in cutting its prime rate to 11 per cent from 11 1/2 per cent.

GOLD Sharp rise

Gold rose sharply yesterday in the London bullion market to close at \$241.245, a rise of £13 an ounce. The increasing probability of cuts in oil supplies should the crisis in Iran continue was seen as one of the reasons behind the dramatic improvement, together with heavy shortcovering and a general rise in precious metals.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 1/2 per cent (since November 9, 1978). Interest rates rose quite sharply in the London money market yesterday, with one-month interbank money rising to 13 3/16-19 5/16 per cent from 12 7/16-12 15/16 per cent.

Exceptional assistance

Bank of England Minimum Lending Rate 12 1/2 per cent (since November 9, 1978). Interest rates rose quite sharply in the London money market yesterday, with one-month interbank money rising to 13 3/16-19 5/16 per cent from 12 7/16-12 15/16 per cent.

MONETARY RATES

Table with columns: Feb. 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen. Lists various monetary rates.

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Union Corporation Group U.C. Investments Limited. Preliminary Announcement. The income statement for the year ended 31st December, 1978, shows: Income from investments 9,844, Surplus on realisation of investments 585, Portion of provision for writing down investments no longer required 1,700, Profit before taxation 12,078, Taxation 2, PROFIT AFTER TAXATION 12,078, Retained surplus brought forward 354, AVAILABLE 12,434, Earnings per share (cents) 61.9.

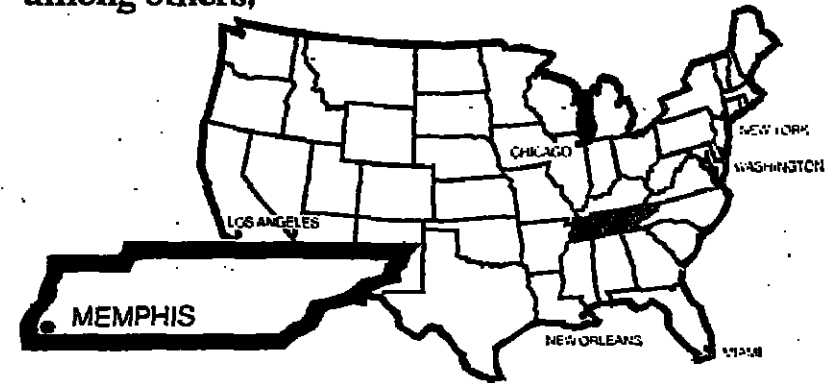
LONDON MONEY RATES

Table with columns: Feb. 5, 1979, Sterling Certificate on deposit, Interbank, Local Authority deposits, Local Authority negotiable bonds, Finance House Deposits, Company Deposits, Discount, Treasury Bills, Eligible Bank Bills, Fine Trade Bills. Lists various London money rates.

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Companies and Markets

WORLD STOCK MARKETS

Early Dow fall of 9.4 on Iranian worries

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1-04 1/2 (96 1/2%) Effective 1.9885 48 1/2% (49 1/2%) RENEWED CONCERN about the impact of Iranian unrest on the U.S. economy pushed stocks broadly lower on Wall Street in moderate trading yesterday morning.

The Dow Jones Industrial Average weakened 9.44 to 828.19 at 1 pm and the NYSE All Com. Closing prices and market reports were not available for this edition.

Exxon received 1 to \$491, ex-dividend and Mobil 1 to \$693, while declines paced rising issues by a four-to-one margin. Turnover came to \$13.3m shares, against last Friday's 1 pm level of 16.87m.

This fresh concern overshadowed a cut in the prime rate by First National Bank of Chicago to 11 1/2 per cent from 11 3/4. Chase Manhattan and First Pennsylvania have two major banks which have already announced similar reduction in prime rate.

The Iranian worries were intensified as the troubled nation

cancelled \$7bn in U.S. defence contracts and an aide to Ayatollah Khomeini advocated nationalisation of foreign oil companies' holdings.

Among the active, Sears Roebuck lost 1 to \$201, K Mart 1 to \$249, Armstrong Cork 1 to \$17, ex-dividend and Boeing 1 to \$775. Orders from Iran for seven Boeing airborne radar aircraft were cancelled.

Raytheon fell 1 to \$471, despite winning a \$30m air force contract. It has a large exposure in Iran.

Exxon received 1 to \$491, ex-dividend and Mobil 1 to \$693, while declines paced rising issues by a four-to-one margin.

Asphalt Oil, however, picked up 1 to \$367. It is to sell properties to Tenneco, Mesa Petroleum and Getty Oil for \$607m. Tenneco eased 1 to \$301, Mesa 1 to \$351 and Getty 1 to \$371, ex-dividend.

THE AMERICAN SE Market Value Index was 0.85 lower at 158.40 at 1 p.m. after moderate volume of 1.66m shares (1.35m).

Canada

Stocks remained easier-inclined in active early dealings yesterday, with the weak New York market exerting downward pressure.

The Toronto Composite Index, however, was a marginal 0.2 firmer at 1,349.8 at mid-day, helped by a rise of 13.3 to 1,557.9 in the Goldie Index and a gain of 3.8 to 1,207.2 in the Metals and Minerals Index.

Oils and Gas receded 5.4 to 1,547.8. Papers 0.98 to 156.79, Banks 0.1 to 316.83 and Utilities 0.17 to 196.42.

Inco, which reported higher fourth-quarter net profits but poorer full-year results, rose 1 to C\$211.

Southern eased 1 to C\$182 despite improved earnings and a dividend increase. Canadian Hydrogas added 5 cents at C\$4.90 on higher first-quarter earnings.

Japan

Market suffered a sharp setback in a moderate business on Press reports that Saudi Arabia has decided to cut oil production by 700,000-1,000,000 barrels a day, beginning in the first quarter of this year.

The Nikkei-Dow Jones Average receded 45.27 to 8,145.58, while the Tokyo S.E. Index declined 2.80 to 457.70. Volume amounted to 310m shares, compared with 250m shares in the half-day session on Saturday and 350m last Friday.

Investors sold such export-related issues as Light Electricals and Motors and other Blue Chip shares, partly reflecting concern over the outcome of trade talks between the U.S. and Japan.

Recently selected Tohoku Chemicals, Steels and Heavy Machines were widely lower. Fuji Photo Film receded Y29 to Y688. Nissin Spinning Y6 to Y689. Rakuten Chemical Y70 to Y2,520. Nissin Steel Y6 to Y198. Suno Y4 to Y1,610 and Pioneer Electronic Y80 to Y2,030.

However, Tokuhou Oil, together with some other energy-

related issues, gained ground, helped by news that its debts in margin trading have decreased in recent trading. Arabian Oil put on Y30 to Y3,130 and Toa Nenryo Y31 to Y628.

Paris

Bourse prices mainly declined in fairly active trading. Brokers said the weakness of the market was in part due to funds being diverted to the gold market, as well as to an increase in the Call Money rate to 81 from 81 per cent, continuing concern over potential labour unrest in France and the situation in Iran.

Declines predominated in all sectors apart from Stores and Rubbers, which were mixed. Agence France Presse receded Reunis, Sias, Borel, Erissou, Moet Hennessy, Generale des Eaux, Ferodo, Poelain, Michelin, Redoute, Applications des Gaz, Bouygues, BCL, and Dailly-Mieg.

Gaining substantially against the general trend, however, were BCF, Kleber, Prenatal, CEM and Metallurgique Dunkerque.

Germany

An easier tendency prevailed yesterday, although Banks and Chemicals provided firm sectors. The Commerzbank index shed 1.8 to D10.5.

Dieters described trading as somewhat listless with institutional investors largely staying out of the market.

After a steady rise, Dresdner Bank gained DM 1.30, Deutsche Bank DM 1.10 and Commerzbank 5 pfennigs. Most Chemicals scored small gains. Bayer and Hoechst put on 70 pfennigs each, while Degussa climbed DM 0.30. Schering, however, declined DM 1.50 and Ruetgerswerke DM 1.00.

Losses were also posted by Steels, where Thyssen shed 90 pfennigs. Volkswagen receded DM 1.70, while Stores and Kaufhof of DM 1.50. Eiswerke, Metallgesellschaft reacted DM 3.50.

In Domestic Bond trading, short-dated public authority paper shed 1/2 as much as 35 pfennigs while longer dated were marked down by up to 10 pfennigs. The Bundesbank

said a net DM 11.1m nominal of paper compared with sales of DM 9.9m last Friday. Mark Foreign Loans were slightly weaker.

Australia

Markets generally showed fresh buoyancy, although Coppere, strong of late on the upsurge in copper prices, reacted on profit-taking while Oils also turned easier. The Sydney All Ordinary index rose 3.25 to a 1978-79 high of 530.45.

Industrial leaders had a good day, with BHP advancing 8 cents to Pioneers Sugar gained 10 cents to AS1.45 and CSR 6 cents to AS3.69 on higher sugar prices.

Among Banks, CBA moved ahead 19 cents to AS2.25 in response to increasing interest rates. ANZ put on 4 cents to AS4.22.

Tin and Gold shares improved, along with Beach Sands mining issues, but among the earlier Copper sector, BHP receded 7 cents to AS3.15 and Pacific Copper 4 cents to AS1.14.

Uranium mostly marked time, except for Queensland Mines and Kathleen Investments which advanced on a belief that they will be calling on shareholders for cash to finance the Nabarlek uranium project.

Hong Kong

The market closed sharply higher after moderately active trading, with the Hang Seng index recording a rise of 13.90 to 568.90.

A decision by the Exchange Bank Association interest rate sub-committee to leave local deposit rates unchanged for the time being gave a boost to sentiment.

Hong Kong Wharf led the advance, rising HK\$1.45 to HK\$125, while Jardine Matheson climbed 60 cents to HK\$13.10. There was fairly strong activity in HK\$3.70 and Swiss Pacific A 40 cents to HK\$9.20.

Johannesburg

Gold shares made good progress in fairly active trading following sharply Bullish indications. There was fairly strong Overseas interest which pushed heavyweights up to R3.00 higher.

Esselle Platinum divided after a rise to R3.00. Anglo American rose R1.50 to R12.50. Anglo Platinum rose R1.50 to R12.50. Anglo American rose R1.50 to R12.50.

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, Feb. 5, Feb. 6, and % change.

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Table of stock prices for various companies in New York, including columns for Stock, Feb. 5, Feb. 6, and % change.

Indices

Table of stock indices for New York and other markets, including columns for Index, High, Low, and % change.

Table of stock indices for Standard and Poors, including columns for Index, High, Low, and % change.

Table of stock indices for Montreal, including columns for Index, High, Low, and % change.

Table of stock indices for Johannesburg, including columns for Index, High, Low, and % change.

Table of stock indices for Tokyo, including columns for Index, High, Low, and % change.

Table of stock indices for Amsterdam, including columns for Index, High, Low, and % change.

Table of stock indices for Copenhagen, including columns for Index, High, Low, and % change.

Table of stock indices for Vienna, including columns for Index, High, Low, and % change.

Table of stock indices for Milan, including columns for Index, High, Low, and % change.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including columns for Series, Vol., Last, and % change.

BASE LENDING RATES

Table of base lending rates for various banks and locations, including columns for Bank, Rate, and % change.

BRUSSELS/LUXEMBOURG

Table of stock prices for Brussels/Luxembourg, including columns for Stock, Price, and % change.

PARIS

Table of stock prices for Paris, including columns for Stock, Price, and % change.

SWITZERLAND

Table of stock prices for Switzerland, including columns for Stock, Price, and % change.

MILAN

Table of stock prices for Milan, including columns for Stock, Price, and % change.

VIENNA

Table of stock prices for Vienna, including columns for Stock, Price, and % change.

Companies and Markets

LONDON STOCK EXCHANGE

Equities heed Gilt weakness and turn distinctly easier but Mining issues respond to soaring commodity prices

Account Dealing Dates

Option Dealings Last Account Dealings Day Jan. 15 Jan. 25 Jan. 26 Feb. 6 Jan. 29 Feb. 8 Feb. 9 Feb. 20 Feb. 12 Feb. 22 Feb. 23 Mar. 6

New time dealings may take place from 9.30 am two business days earlier.

Heading the international and domestic events which they had surprisingly tended to disregard in recent weeks, the equity sections in stock markets yesterday turned distinctly easier.

Further gloomy economic forecasts, the threat of a total strike at B.L. Cars, and the larger-than-expected first-quarter cutback in British Petroleum's crude oil supplies added to current nervousness over the labour crisis and resulted in a downward adjustment in leading industrialists at the outset.

For a while, the general price level held at slightly lower values but the tendency quickly wilted when recent buyers of secondary issues decided there were profits to be taken and changed to the selling tack.

The FT Industrial Ordinary share index was showing a fall of 8.1 at 1 p.m., but occasional bear-closing just before and after the official close of business reduced price falls and the index ended a net 6.6 down at 460.7, its lowest closing level since July 7 of last year.

Fresh selling was induced of Gilt-edged securities, particularly of longer-dated stocks which, after staging a modest rally, reverted to the wake of the day on disappointment with the January Wholesale Prices indices.

Mining issues responded sharply to the boom in commodity prices. South African Gold shares rose 1 1/2 points and occasionally more in the wake of the soaring bullion price—up \$13 at \$244 1/2—while precious and base-metal producers enjoyed continued firmness with platinum again notable.

minum drifted lower in fairly busy two-way trading on sterling considerations to close a net 2 1/2 down at 94 1/2 cent. Yesterday's SE conversion factor was 0.6704 (0.6688).

Reflecting a surge in the gold bullion price, Consolidated Goldfields attracted a good traded option business and recorded 236 contracts out of the overall total of 706.

Banks down

Talk that the major clearing banks will soon raise their base rates unsettled the big four which proceeded to drift lower on small selling and lack of support. Lloyds lost 3 to 235p, while Barclays ended a similar amount easier at 375p.

After a dull opening, Brewery and kindred issues met a little support and held steady at slightly lower levels. Bellhaven added a penny to 42p following the emergence of buyers in Distilleries. Arthur Bell were particularly dull at 174p, down 5.

Building descriptions drifted lower from the outset. Blue Circle, a firm market of late, relinquished 6 at 260p and Tunnell "B" finished 3 down at 292p.

In Construction, Costain issues came on offer, the ordinary and deferred shed 6 apiece to 160p and 120p respectively. On suggestions that the company's Iranian losses might be less severe than expected, George Wimpey hardened a penny to 73 1/2p.

ICI displayed a marked resilience to the dull trend, and after a reasonable trade closed 2 cheaper at 353p. By contrast, turnover in Fisons remained small with the close 5 easier at 303p.

Leading Stores succumbed to the general dull trend with Marks and Spencer closing 3 down at 84p. Elsewhere, profit-taking after the recent good rise ahead of next Tuesday's interim results left MFI Furniture 7 cheaper at 200p.

Cautious Press comment clipped a penny from Bekon Textile at 21p and Excalibur Jewellery softened a fraction to 18 1/2p in reaction to the lower first-half earnings.

ICL react

Miscellaneous Industrial leaders started the week with price falls to 5 pence lost that Thursday's annual results, Trust Houses Forte met profit-taking and eased 5 to 263p, after 260p. Ladbroke gave back nearly all of Friday's late rise of 6 at 174p.

Advance in Mines

The continuing boom in base-metal prices and a burst of strength in precious metal prices enabled mining issues to stage a broad advance.

A weakening in the dollar advanced the gold price up \$13.25 to \$244.625 per ounce and prompted a heavy demand for South African gold shares.

Prices opened on a firm note and thereafter staged a rapid advance fuelled by persistent and heavy American buying. The Gold Mines index climbed 9.5 to 181.4 its highest point since mid-September last year, while the premium index put on 6.6 to 151.6.

Gains in the heavyweights ranged up to £1 1/2 in Vaal Reefs, £17, and West Driefontein, £24 1/2.

Following the rejection of Wereld's latest 46p per share cash bid, dealings resumed in English interest rates, failed to deter buyers of selected secondary issues where Mountview Estates, 110p, and Evans of Leeds, 99p, both gained 4.

Among Foods, Tate and Lyle eased 4 to 142p, but Spillers improved a penny to 35p on Press comment highlighting bid possi-

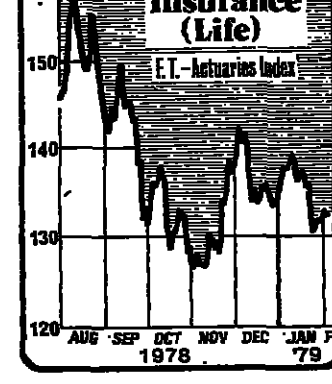
248p and the new nil paid 5 to 30p premium.

Oils firm

Oil shares moved against the general trend. Among the leaders, a rise of 10 to 936p in British Petroleum mainly reflected Wall Street advice.

Shell traded quietly, but eventually edged up to close a few pence dearer at 590p. Elsewhere, a weekend Press comment on the full report enlivened interest in Lasso which advanced to 155p before closing at 152p for a gain of 5; the OPEX rose 15 to 395p, while Cavoods firmed 7 to 150p.

Insurance (Life)



included Farnell, 410p, Ferranti, 368p, and Electrocomponents, 330p. Unitech, a good market of late, ran back 3 to 178p, awaiting today's interim results. GEC were unsettled by the proposed cut back in Iranian defence spending and eased to 318p initially before closing 2 cheaper on balance at 323p.

Sporadic selling of the Engineering leaders found the market unwiling. Hawker Siddeley were particularly dull and reacted to 200p before rallying to settle at 204p for a fall of 10. Losses of 6 were marked against John Brown, 386p, and Tubes, 354p, while GRN eased 5 to 238p. Elsewhere, Baker Perkins, a good market of late on bid hopes, shed 4 to 162p, but favourable Press mention left Acrow, 106p, and Adwest, 290p, up 2 apiece.

Mining Supplies improved 5 to 151p waiting tomorrow's interim figures. In contrast, Whessoe, the subject of recent favourable comment, reacted 4 to 97p.

Among Foods, Tate and Lyle eased 4 to 142p, but Spillers improved a penny to 35p on Press comment highlighting bid possi-

while Randfontein was a point higher at £35 1/2 and Buffels a half-point better at £10 1/2.

NEW HIGHS AND LOWS FOR 1978/9

Table with columns for High and Low prices for various sectors like Govt Secs, Fixed Int., Ind. Ord., Gold Mines, and Gold Miners. Includes a sub-section for NEW HIGHS AND LOWS FOR 1978/9 with categories like CANADIANS, PACIFIC, ANZ, Manders, CHEMICALS, STORES, etc.

ACTIVE STOCKS

Table listing active stocks with columns for Denomination, Closing price, and Change. Includes BP, Shell Transport, RTZ, Guthrie Corp., LASMO, Barclays Bank, GBC, BAT Defd., Beecham, Distillers, Land Secs. Inv., Tate & Lyle, and Unilever.

DEALING DATES

Table showing dealing dates for various companies and sectors, including First Last For Deal-Deal-Declar-Settling-ings tion ment Feb. 20 Mar. 5 May 17 May 30, etc.

Call options were completed in Edgar Allen Balfour, AGB,

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for Government Secs, Fixed Interest, Industrial, Gold Mines, etc. with columns for Feb. 5, Feb. 6, Feb. 7, Jan. 31, Jan. 30, Jan. 29, and a year ago.

HIGHS AND LOWS S.E. ACTIVITY

Table showing high and low prices and S.E. activity for various sectors like Govt Secs, Fixed Int., Ind. Ord., Gold Mines, and Gold Miners. Includes a sub-section for NEW HIGHS AND LOWS FOR 1978/9.

NEW HIGHS AND LOWS FOR 1978/9

Table listing new highs and lows for 1978/9 across various categories like CANADIANS, PACIFIC, ANZ, Manders, CHEMICALS, STORES, etc.

RISES AND FALLS

Table showing rises and falls in British Funds, Foreign Bonds, and other financial instruments.

A FINANCIAL TIMES SURVEY SOUTH KOREA APRIL 2 1979. The Financial Times proposes to publish a Survey on South Korea. The main headings of the provisional editorial synopsis are set out below. Introduction: South Korea's economic growth may slow slightly in the next year or two but will still be extremely rapid by world standards. As an exporter the Republic will make an increasing impact on world markets and will begin to offer strong competition to Japan. The political climate remains fairly harsh, reflecting South Korea's belief that it still faces the threat of invasion from the north.

LONDON TRADED OPTIONS. Table with columns for Option, Ex/roc's price, Closing offer, Vol., etc. RECENT ISSUES. Table with columns for Issue, Price, etc. EQUITIES. Table with columns for Issue, Price, etc. FIXED INTEREST STOCKS. Table with columns for Issue, Price, etc. "RIGHTS" OFFERS. Table with columns for Issue, Price, etc.

FT-ACTUARIES SHARE INDICES. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries. Table with columns for EQUITY GROUPS & SUB-SECTIONS, Mon., Feb. 5, 1979, etc. Table with columns for FIXED INTEREST YIELDS, Mon., Feb. 5, 1979, etc. Table with columns for FIXED INTEREST PRICE INDICES, Mon., Feb. 5, 1979, etc.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including Abbey Unit Trst. Mgrs. (a), Allied Hambro Group (a), and various other trusts with their respective managers and details.

Table of unit trusts including ManLife Management Ltd., Mayflower Management Co. Ltd., and various other trusts with their respective managers and details.

Table of unit trusts including Sare & Prosper Group, Target Trst. Mgrs. Ltd. (a), and various other trusts with their respective managers and details.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and various other funds with their respective managers and details.

INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., The London & Manchester Assn. Co., and various other insurance companies with their respective details.

Table titled 'CORAL INDEX: Close 458-463' and 'INSURANCE BASE RATES' showing various rates and indices.

Table titled 'NOTES' containing various notes and information related to the financial data.

EXPORTERS—LANGUAGE BARRIERS ABOLISHED

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Birmingham B15 4JX Tel: (0273) 606700
Birmingham, Cardiff, Leeds,
London, Manchester.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
97	94	British 100	100	0	10.0	10.0
98	95	British 200	200	0	10.0	10.0
99	96	British 300	300	0	10.0	10.0
100	97	British 400	400	0	10.0	10.0
101	98	British 500	500	0	10.0	10.0

Five to Fifteen Years

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
102	99	British 100	100	0	10.0	10.0
103	100	British 200	200	0	10.0	10.0
104	101	British 300	300	0	10.0	10.0
105	102	British 400	400	0	10.0	10.0
106	103	British 500	500	0	10.0	10.0

Over Fifteen Years

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
107	104	British 100	100	0	10.0	10.0
108	105	British 200	200	0	10.0	10.0
109	106	British 300	300	0	10.0	10.0
110	107	British 400	400	0	10.0	10.0
111	108	British 500	500	0	10.0	10.0

Undated

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
112	109	British 100	100	0	10.0	10.0
113	110	British 200	200	0	10.0	10.0
114	111	British 300	300	0	10.0	10.0
115	112	British 400	400	0	10.0	10.0
116	113	British 500	500	0	10.0	10.0

INTERNATIONAL BANK

101 79% 100 79% 100 79% 100 79% 100 79%

CORPORATION LOANS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
117	114	British 100	100	0	10.0	10.0
118	115	British 200	200	0	10.0	10.0
119	116	British 300	300	0	10.0	10.0
120	117	British 400	400	0	10.0	10.0
121	118	British 500	500	0	10.0	10.0

COMMONWEALTH & AFRICAN LOANS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
122	119	British 100	100	0	10.0	10.0
123	120	British 200	200	0	10.0	10.0
124	121	British 300	300	0	10.0	10.0
125	122	British 400	400	0	10.0	10.0
126	123	British 500	500	0	10.0	10.0

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
127	124	British 100	100	0	10.0	10.0
128	125	British 200	200	0	10.0	10.0
129	126	British 300	300	0	10.0	10.0
130	127	British 400	400	0	10.0	10.0
131	128	British 500	500	0	10.0	10.0

BONDS & RAILS—Cont.

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
132	129	British 100	100	0	10.0	10.0
133	130	British 200	200	0	10.0	10.0
134	131	British 300	300	0	10.0	10.0
135	132	British 400	400	0	10.0	10.0
136	133	British 500	500	0	10.0	10.0

AMERICANS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
137	134	British 100	100	0	10.0	10.0
138	135	British 200	200	0	10.0	10.0
139	136	British 300	300	0	10.0	10.0
140	137	British 400	400	0	10.0	10.0
141	138	British 500	500	0	10.0	10.0

U.S. & DM prices exclude inv. 3 premium

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
142	139	British 100	100	0	10.0	10.0
143	140	British 200	200	0	10.0	10.0
144	141	British 300	300	0	10.0	10.0
145	142	British 400	400	0	10.0	10.0
146	143	British 500	500	0	10.0	10.0

CANADIANS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
147	144	British 100	100	0	10.0	10.0
148	145	British 200	200	0	10.0	10.0
149	146	British 300	300	0	10.0	10.0
150	147	British 400	400	0	10.0	10.0
151	148	British 500	500	0	10.0	10.0

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
152	149	British 100	100	0	10.0	10.0
153	150	British 200	200	0	10.0	10.0
154	151	British 300	300	0	10.0	10.0
155	152	British 400	400	0	10.0	10.0
156	153	British 500	500	0	10.0	10.0

BANKS & HP—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
157	154	British 100	100	0	10.0	10.0
158	155	British 200	200	0	10.0	10.0
159	156	British 300	300	0	10.0	10.0
160	157	British 400	400	0	10.0	10.0
161	158	British 500	500	0	10.0	10.0

BEERS, WINES AND SPIRITS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
162	159	British 100	100	0	10.0	10.0
163	160	British 200	200	0	10.0	10.0
164	161	British 300	300	0	10.0	10.0
165	162	British 400	400	0	10.0	10.0
166	163	British 500	500	0	10.0	10.0

BUILDING INDUSTRY, TIMBER AND ROADS

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
167	164	British 100	100	0	10.0	10.0
168	165	British 200	200	0	10.0	10.0
169	166	British 300	300	0	10.0	10.0
170	167	British 400	400	0	10.0	10.0
171	168	British 500	500	0	10.0	10.0

DRAPERY AND STORES

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
172	169	British 100	100	0	10.0	10.0
173	170	British 200	200	0	10.0	10.0
174	171	British 300	300	0	10.0	10.0
175	172	British 400	400	0	10.0	10.0
176	173	British 500	500	0	10.0	10.0

ELECTRICAL AND RADIO

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
177	174	British 100	100	0	10.0	10.0
178	175	British 200	200	0	10.0	10.0
179	176	British 300	300	0	10.0	10.0
180	177	British 400	400	0	10.0	10.0
181	178	British 500	500	0	10.0	10.0

CHEMICALS, PLASTICS—Cont.

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
182	179	British 100	100	0	10.0	10.0
183	180	British 200	200	0	10.0	10.0
184	181	British 300	300	0	10.0	10.0
185	182	British 400	400	0	10.0	10.0
186	183	British 500	500	0	10.0	10.0

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
187	184	British 100	100	0	10.0	10.0
188	185	British 200	200	0	10.0	10.0
189	186	British 300	300	0	10.0	10.0
190	187	British 400	400	0	10.0	10.0
191	188	British 500	500	0	10.0	10.0

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
192	189	British 100	100	0	10.0	10.0
193	190	British 200	200	0	10.0	10.0
194	191	British 300	300	0	10.0	10.0
195	192	British 400	400	0	10.0	10.0
196	193	British 500	500	0	10.0	10.0

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
197	194	British 100	100	0	10.0	10.0
198	195	British 200	200	0	10.0	10.0
199	196	British 300	300	0	10.0	10.0
200	197	British 400	400	0	10.0	10.0
201	198	British 500	500	0	10.0	10.0

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
202	199	British 100	100	0	10.0	10.0
203	200	British 200	200	0	10.0	10.0
204	201	British 300	300	0	10.0	10.0
205	202	British 400	400	0	10.0	10.0
206	203	British 500	500	0	10.0	10.0

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	% Chg	Yield	Div
207	204	British 100	100	0	10.0	10.0
208	205	British 200	200	0	10.0	10.0
209	206	British 300	300	0	10.0	10.0
210	207	British 400	400	0	10.0	10.0

